

Nation's Business

A LOOK AHEAD

JANUARY 1956

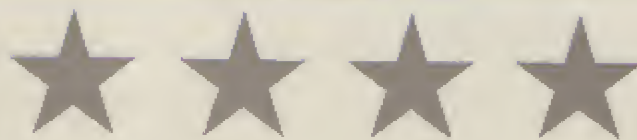


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ELECTION YEAR REPORT



By the members of
President Eisenhower's Cabinet



Excise tax outlook PAGE 70

Fewer strikes in prospect for '56 PAGE 91

American sneeze costs billions PAGE 60



This is the Mighty Mite of Electronics

Many good things for many people are coming from the Bell Telephone Laboratories invention of the Transistor—a tiny device that can do many things a vacuum tube can do and more besides!



More and more the **Transistor** is being recognized as one of the greatest inventions of recent years. It is truly the mighty mite of electronics.

All of the growing uses of the Transistor stem from its invention at Bell Telephone Laboratories, announced seven years ago.

This amazing amplifier was soon seen destined to open new doors not only in telephony but in many other fields. It is estimated that 15 million Transistors will be made this year.

One of the first uses of the Transistor was in the new equipment that

enables telephone users to dial over long distances. It is also being used in volume control telephones for those who have difficulty in hearing and in the new rural telephone system that is powered experimentally by electricity generated from sunlight through the Bell Solar Battery.

The Bell System, in line with its established policy of making all its inventions available to others on reasonable terms, has licensed some 60 companies to make and sell Transistors, and about 700 companies who have the right to use these devices in

a wide range of electronic equipment. These include makers of guided missiles and other weapons of defense, radios, television sets, computers, etc. Royalty-free use of the Transistor is available to licensed U. S. manufacturers of hearing aids.

The Transistor can amplify electric signals up to a thousand times. "In less than half a century," said an article in the *Reader's Digest*, "the electronic tube has changed the world. The effect of the Transistor on our lives may be equally potent."

Bell Telephone System





Intense Cold...Fierce Heat...Terrific Pressure

—forces of nature used by UCC scientists to work for you

HEAT SO FIERCE it makes steel boil . . . cold so intense it turns the very air to liquid . . . pressure so great it has the force of 600 hurricanes . . . space so "empty" that nothing could live in it.

THESE FORCES OF NATURE are used by industry in making so many of the things we take for granted today. The electric arc furnace—6,000 degrees hot—is the birthplace of alloying metals that go into stainless steel and other fine steels. Oxygen, so vital to medicine and industry, is extracted from air made liquid when cooled to more than 300 degrees below zero.

ETHYLENE GAS SQUEEZED under pressure of 15 tons per square inch changes into polyethylene. This remarkable plastic is used to make such familiar things as unbreakable nursing bottles, squeeze-spray contain-

ers, and transparent wrappings. Exposing natural gas to terrific pressures and the "nothingness" of vacuum have been key steps in making hundreds of new chemicals during the last 20 years.

THESE ARE BUT A FEW examples of how industrial scientists such as those of Union Carbide have discovered how to use the forces of nature to create the new processes and products necessary to America's progress.

FREE: Learn how *ALLOYS, CARBONS, GASES, CHEMICALS, and PLASTICS* improve many things that you use. Ask for "Products and Processes" booklet.

UNION CARBIDE

AND CARBON CORPORATION

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Editor
Alden H. Sypher

Adm. Assistant
Ruth D. Howard

Executive Editor
Paul McCrea

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Donald C. Spaulding
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MORE THAN 750,000 SUBSCRIBERS



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What did B.E. Austin get for the fee he paid for George S. May Engineering?

1. Perfect controls

George S. May engineers set up a complete plan of functional organization for this automobile agency, assigning, in detail, responsibility and authority. A flexible and realistic method of profit and expense control developed projections that came out within 1%. Rigid controls on parts sales allowed development of full markup on parts.

2. More net profit!

Management controls developed by May engineers resulted in immediate increase in net profit. Sales for 1955 were approximately \$1,100,000 and net profit was nearly ten times what it was the previous year. May engineering eliminated unnecessary frills, showing the owner of an automobile agency how to make more money.



Small town Chevrolet dealer a very pleased May client

Mr. B. E. Austin, president of Bun Austin Chevrolet Company of Sterling, Illinois, writes, "During the first five months of this year . . . we have already taken back, in increased profits, more than we paid you in fees." The George S. May Company completely reorganized Mr. Austin's setup and gave him a simple, workable set of controls to keep him moving toward his objective: more net profit from his business. It's no wonder that Mr. Austin is a pleased and satisfied George S. May Company client!



Service department reorganized by May engineers

More than 41,000 manufacturers, resellers and service companies have used May engineering since 1925

Far-sighted, profit-minded heads of businesses all over the United States and Canada have found to their satisfaction that the employment of George S. May business engineering service immediately results in improved operating

methods, expanded markets, reduced costs, and increased net profits. The George S. May Company and only the George S. May Company, can bring such a tremendous accumulation of business experience to bear on your

problems. No matter what kind of business you are in or what the nature of your problem may be, you would do well to consider George S. May business engineering service. Phone or write any of our four offices TODAY!

*Let our representative
call on you without cost
or obligation!*

George S. May Company

THE WORLD'S LARGEST BUSINESS ENGINEERING ORGANIZATION

Cable Address: GEOSMA, Chicago

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SAN FRANCISCO 2, 291 Geary Street, GARfield 1-5244

NEW YORK 17, 122 East 42nd Street, OXford 7-3900
CANADA, 1178 Phillips Place, Montreal, UNiversity 6-9152



These men help to make TV advertising more acceptable

The men are television technicians, doubling in brass as an optical expert, a photographer, and a machinist.

They solved a tough problem that faces all television broadcasters. Thanks to their ingenuity, a lot of viewers probably enjoy their TV more, without knowing why.

The American TV system is based on advertising sponsorship. Programs are sprinkled with a husky lot of commercial slides telling the story of products from A to Z.

There's the rub. Slides ought to be just as clear and non-glaring and undistorted and easy to look at as the program material itself. But artwork for reproduction is often all over the lot—some light, some dark, some on shiny paper, some on dull. Put on the air "as is," it can be pretty unsatisfactory. We

wanted something better for the million-odd people in the area served by our station, WHAM-TV.

Enter some typical Stromberg-Carlson ingenuity. Three of our boys got to playing around with a machinist's milling vise, a 35mm amateur camera, and some polarized lights and filters. The result is the photo-copying device at which the men above are looking. It makes up for art deficiencies, and is so constant in exposure that a dozen different operators will produce slides of exact quality. It even has some tricky handles and wheels which enable us to create animation with still pictures!

This solution is typical of Stromberg-Carlson's challenge—"What do you mean, it can't be done?" If you have at hand a puzzle in Electronics or Communications, for *any* purpose, we'd like to tackle it. "There is nothing finer than a Stromberg-Carlson"

STROMBERG-CARLSON COMPANY

A DIVISION OF GENERAL DYNAMICS CORPORATION

ROCHESTER 3, N. Y.



Radio, TV and Hi-Fi Equipment • Telephones and Central Office XY® Dial Equipment • Sound and Public Address Systems • Electronic Products for Our Armed Forces



FIGURES FASTER THAN YOU THINK

A new machine is showing up in offices. Judging from how it's going, the Comptograph 202 may soon outsell, the way it's outperforming, other machines. It has many excellent features and certain exclusives that have caused a stir.

For easy operation, the 10 keys and controls are arranged in the space a hand can span without stretching or tiring. It's fast—operators taken off other machines say they "feel" the sen-

sation of its cosmic speed (202 printings a minute). It adds, subtracts, multiplies, even divides—with the true credit balance always showing. It performs all this with remarkable ease, with faultless accuracy and with noiseless rhythm that's a triumph over calculator clackety-clack.

Summing up, Comptograph has more time-saving, work-saving features than any other 10-key machine. If you would like a demonstration

on your work, look up the Comptometer-Comptograph representative in the Yellow Pages or send the coupon.



FELT & TARRANT Mfg. Co.
1713 North Pauline St., Chicago 25, Illinois

Gentlemen: Without cost or obligation—

- ☐ I want more information about the new Comptograph
- ☐ Please arrange an office demonstration
- ☐ Please arrange for a free office trial

Name _____

Company _____

Address _____

City _____

Zone _____

State _____

Other products: The COMPTOMETER'S DICTATION MACHINE
and the COMPTOMETER'S ADDING-CALCULATING MACHINE.
Offices in principal cities and throughout the world.

COMPTOGRAPH®

THE MEMBERSHIP OF A DISTINGUISHED CLUB...

C. I. P. CENTURY CLUB NOW HAS 73 MEMBERS!

ALBANY, New York Dept. of Water and Water Supply	MONTREAL, Quebec Public Works Dept., Water-Works & Sewerage Division
ALBANY, New York Niagara Mohawk Power Corp. (Gas)	*NASHUA, New Hampshire Pennichuck Water Works
ALEXANDRIA, Virginia Alexandria Water Company	NASHVILLE, Tennessee Waterworks Department
*ALLENTOWN, Pennsylvania Bureau of Water	NEW BRUNSWICK, New Jersey Public Service Electric & Gas Co.
BALTIMORE, Maryland Bureau of Water, Dept. of Public Works	NEW HAVEN, Connecticut New Haven Gas Company
BALTIMORE, Maryland Consolidated Gas Electric Light and Power Co.	NEW ORLEANS, Louisiana New Orleans Public Service, Inc. (Gas)
BOSTON, Massachusetts Public Works Dept., Water Division	NEWARK, New Jersey Public Service Electric & Gas Co.
BOSTON, Massachusetts Boston Consolidated Gas Co.	NEW YORK, New York Dept. of Water, Gas & Electricity
BOUND BROOK, New Jersey Public Service Electric & Gas Co.	NORRISTOWN, Pennsylvania Philadelphia Electric Co., Gas Dept.
BRIDGEPORT, Connecticut Bridgeport Gas Light Company	PAINESVILLE, Ohio City of Painesville, Gas District Dept.
BUFFALO, New York Dept. of Public Works, Div. of Water	*PEORIA, Illinois Central Illinois Light Company
CHARLESTON, South Carolina South Carolina Electric & Gas Co.	PHILADELPHIA, Pennsylvania Department of Public Works, Bureau of Water
CHICAGO, Illinois Peoples Gas Light & Coke Company	PHILADELPHIA, Pennsylvania Philadelphia Gas Works Co.
CHICAGO, Illinois Water Works Department	PITTSBURGH, Pennsylvania Bureau of Water, Department of Public Works
CINCINNATI, Ohio Cincinnati Gas & Electric Co.	PLYMOUTH, Massachusetts Plymouth Gas Light Company
COLUMBIA, Pennsylvania Columbia Water Company	POTTSVILLE, Pennsylvania Pottsville Water Company
DETROIT, Michigan Board of Water Commissioners	PROVIDENCE, Rhode Island Providence Gas Company
DETROIT, Michigan Michigan Consolidated Gas Co.	QUEBEC, Canada Quebec Power Co., Gas Division
*EVANSVILLE, Indiana Southern Indiana Gas & Electric Co.	READING, Pennsylvania Bureau of Water
FALL RIVER, Massachusetts Fall River Gas Works Company	RICHMOND, Virginia Department of Public Utilities (Gas)
FREDERICK, Maryland City of Frederick Water Dept.	RICHMOND, Virginia Department of Public Utilities (Water)
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CITY OF FREDERICKSBURG, Virginia Gas Department	SACRAMENTO, California Division of Water & Sewers
HALIFAX, Nova Scotia Public Service Commission, Public Water Supply	ST. JOHN, New Brunswick Water & Sewerage Department
HARTFORD, Connecticut The Hartford Gas Company	ST. LOUIS, Missouri Dept. of Public Utilities, Water Div.
HARTFORD, Connecticut Water Bureau of the Metropolitan District	SALEM, Massachusetts North Shore Gas Company
HUNTSVILLE, Alabama Municipal Water Works	*SPRINGFIELD, Illinois Central Illinois Light Company
INDIANAPOLIS, Indiana Citizens Gas & Coke Utility	SYRACUSE, New York Water Division, Dept. of Engineering
LANCASTER, Pennsylvania Bureau of Water	TORONTO, Ontario The Consumer's Gas Co. of Toronto
LOUISVILLE, Kentucky Louisville Gas & Electric Co.	TROY, New York Department of Public Works
LYNCHBURG, Virginia City of Lynchburg Water Department	UTICA, New York City of Utica, Board of Water Supply
MADISON, Indiana Natural Gas Service, Inc.	WHEELING, West Virginia City of Wheeling Water Department
*MINERSVILLE, Pennsylvania The Municipal Authority of the Borough of Minersville	WILMINGTON, Delaware Wilmington Water Department
MOBILE, Alabama Mobile Gas Service Corp.	WINCHESTER, Virginia Water Department
MOBILE, Alabama Mobile Water Works Company	WINSTON-SALEM, North Carolina Water Department
MONTREAL, Quebec Quebec Hydro-Electric Commission	YORK, Pennsylvania York Water Company
	ZANESVILLE, Ohio Water Department

*New Members in 1955



The Cast Iron Pipe Century Club is probably the most unusual club in the world. Membership is limited to municipal, or privately-owned, water and gas supply systems having cast iron mains in service for a century or more. Although the Club is formally constituted, there are no dues, no regular meetings, and no obligations other than to inform the Recording Secretary if and when the qualifying water or gas main is taken out of service, or, sold for re-use.

In spite of the unique requirements for membership, the Club roster grows, year by year, from 18 in 1947 to 73 in 1955. Members comprise 38 *water* and 35 *gas* utilities, in cities large and small, from the Pacific to the Atlantic, from Canada to the Gulf.

If your records show a cast iron main in service, laid a century or more ago, the Club invites you to send for a handsome framed Certificate of Honorary Membership. Address Thomas F. Wolfe, Recording Secretary, Cast Iron Pipe Century Club, Peoples Gas Bldg., Chicago 3, Ill.

CAST IRON PIPE

SERVES  FOR CENTURIES

►PRESIDENT'S Budget Message--details on tax outlook--comes in mid-January.

Economic report--tip on long-range business outlook--a little later.

Congressional news will center around State of the Union Message, Jan. 4, and these two. They'll keynote debate for months to come.

Other messages on specific issues will follow.

Lawmakers will put most important bills up first, push hard for early action. Many issues may get lost in race to wrap up work before presidential nominating conventions.

(Democrats in Chicago Aug. 13; Republicans, San Francisco Aug. 20.)

►THEREFORE, look for these developments:
1. Legislation that is passed will be designed for vote appeal. Congressmen will be particularly sensitive to constituent pressures.

2. Watch for heated debate, political talk, on some issues which may not produce law changes.

3. Look for basic differences between parties to be spelled out, stressed in floor debate, outside speeches.

Remember: It's not only presidential election--control of Congress is also at stake this year.

In House, Democrats now have 231, G.O.P. 203, one vacancy. In Senate, 32 seats up for election could tip scale either way. Democrats have only two vote margin.

►TO HELP you assess what's ahead, here is what economists are saying:

For total economic activity, year past was best yet. Year ahead will be very good, too, expected to exceed '55.

But watch for margin of over-all growth to be less than '55 margin over '54.

Reason: U. S. economy is currently operating at nearly full capacity. Past year was spent rising from minor '54 slow-up.

But '56 boom is sparked by basic growth factors vigorously at work and year may surprise even the optimists.

►INDUSTRIES look at next 12 months:

Department stores--sales will rise; credit will be stressed as selling tool; merchants will talk less, act more, on downtown revitalization.

Automobiles--dealers count on sales between 7,500,000 and 8,000,000 cars, within 5 per cent of '55 sales.

Retail grocers--emphasis will be on new construction, with 10,000 new stores slated to rise before year's end; sales increase anticipated; prices steady.

Radio, TV makers--industry bullish; biggest growth areas will be color TV, industrial electronics.

Transportation--truck, rail operators optimistic; automation will spread.

Agriculture, food--farm mechanization will be stepped up; store expansion, modernization will continue; packers expect meat production to reach record 27,200,000,000 lbs.

Construction--as many new homes as money supply permits, possibly as many as '55; homes will be bigger, better designed; public construction going up 10 per cent to \$13,150,000,000.

►BUOYANT business conditions are helping budget-balancing picture. Larger personal and corporate incomes put more funds in U. S. Treasury.

Here's the picture:

During third quarter '55 Treasury receipts were \$15,314,000,000--up about \$200,000,000 from same period year ago.

U. S. spending was \$18,571,000,000--about \$11,000,000 below '54 period.

Watch for figures on government receipts and spending for fourth quarter--out soon.

►THUMPING prosperity today does not rest on public spending prop.

Gross national product was \$364,500,000,000 in 1953; \$360,500,000,000 in 1954; average about \$386,000,000,000 plus for 1955. Look for 1956 to top \$400,000,000,000.

Meanwhile: Total national, state, local government purchases of goods and services have declined from 1953 peak.

The figures: 1953 total--\$84,500,000,000; 1954 total--\$77,000,000,000; 1955 total--\$75,000,000,000.

►OUTLOOK for next year's total government spending: about same as past year.

Big item in all government spending is defense. Bill for this dropped from \$51,400,000,000 in '53 to \$40,000,000,000 in '55.

For year ahead, defense figure is not

expected to change much. Other items may cost less. So--total U. S. spending may decline moderately.

But expansion of state, local spending --up about \$2,200,000,000 in '55--will continue.

Cause: bigger payrolls, rising wages, public construction needs for schools, roads, sewer, water systems, etc.

►LOOKING for ways for your upcoming executives to get training and polish?

You're in tune with the times. More and more persons are taking self-improvement courses, realizing opportunities lie ahead.

Item: 37,000 took famed Dale Carnegie training five years ago. Number's now 56,000. Most are in business ranks.

Many employers are paying part of the bill, figure it's smart investment--good executives are hard to get. (One big corporation has picked up half the tab for training 17,000 of its supervisory personnel in past 6 years.)

Back of this boom is growing awareness that courses in public speaking, memory training, even dancing and poise development, produce improved personalities, enhance individual's worth to company.

►SPOTLIGHT shines on National Labor Relations Board.

Stephen Bean, newly appointed to five-man board, is being watched because he'll cast deciding vote on some key issues. For months board was split two to two between Eisenhower and Truman appointees.

House committee is investigating charges of communist activity among past, present staff members.

Senate committee is investigating board's refusal to apply Taft-Hartley in hotel, other local industries.

NLRB General Counsel Theophil Kamholz has task force at work to find out why only 55 per cent of board's decisions get full backing from courts. (See page 80.)

►HOT RAIN worries Japanese. That's caused by Russian H-bomb tests.

Abnormal vibrations recorded in Japan are followed by radioactive air masses--called hot air--moving across islands.

Scientists, weathermen watch radioac-

tive count across Nippon in both air and rain water. So far it isn't dangerous.

Unusual shocks from Russia's recent, greatest H-blast lasted 15 minutes. Hot air lasted 5 days.

►EDUCATION measures will have tough sledding in Congress. Federal aid, other issues, far from settled.

This will help you follow news as debate unfolds:

There'll be fierce fight to keep funds from states slow to accept Supreme Court segregation ruling, also on money for private schools.

Federal aid can be earmarked for two things: construction costs, operating expenses. Latter is most controversial, less likely.

Congress wonders, too, how to distribute money.

►TEACHERS' PAY goes up faster in low-income states.

Study over 15-year period shows average pay in 12 highest-income states rose 28 per cent.

In 12 lowest-income states, average rise was 101 per cent.

Example: Georgia paid teachers average of \$715 in school-year 1937-38, now pays \$2,875. Pay up 302 per cent.

Massachusetts paid \$2,000, now pays \$4,045. Up 102 per cent.

School expenditures per pupil show same trend. Highest states, increase 41 per cent. Lowest states, up 92 per cent.

►FARMER contributes to farm surplus because he can't afford not to.

Here's simple economics of it:

Corn allotment for one Indiana farmer is 25 acres. That would produce about 1,400 bushels at \$1.60 support price. Gross income: \$2,240.

So he turned down government guarantee, planted 120 acres, sold at 90 cents and took in \$6,048 on his corn.

Note: Some farmers accept quota, sell at parity--then buy what they need on 90 cent market.

►YOU MAY have to raise pay of your minor executives, professional, administrative employees--to keep them exempt from legal overtime pay after 40 hours a week.

Labor Department, which sets current

washington letter

minimum executive pay at \$55, professional, administrative pay at \$75, is considering higher standards.

How much? Guess is \$25 more.

New studies by Wage-Hour Division provide clues. Of 15,000 companies surveyed:

No executive or administrative employee earns less than \$100 in two thirds of companies.

No professional employee earns less than \$100 in three fourths.

Note: 2,300,000 white-collar workers are now exempt from overtime regulations.

►DON'T JUMP to conclusion that people with higher incomes are your freest spending customers. Government survey shows opposite is true.

Age groups 35-44 and 45-54 have highest median incomes--\$4,688 and \$4,353. But people in these groups save more, spend less of earnings than those 18-34.

Reason: Younger people have more needs and wants--homes, cars, appliances. They are biggest dissavers--Washingtonese for one who spends more than his income.

►WATCHING every Red move, Washington expects East German events are dress rehearsal of Russian attitude to come.

Incident involving two U. S. congressmen (Ostertag of New York, Boland of Mass.), held four hours by East Berlin police while sightseeing there, hit front pages.

This focused public attention on significant drama unfolding daily in Berlin--less spectacular, no less important. See page 76.

►UNEMPLOYMENT figures don't shape up as good campaign fodder.

Announced plans of manufacturers make significant boost in unemployment total highly unlikely at least through June.

That's latest word from Bureau of Employment Security, which notes that even some labor surplus areas report shortages of certain types of technically skilled workers.

Jobless now total only 2,100,000. BES looks for seasonal adjustment in late winter months to add not more than 1,000,000 to this number. These layoffs will include many marginal workers--housewives, youngsters who took jobs during holiday season.

►CONSUMERS pay overdue bills faster.

Collectibility index of the American Collectors Association (out this month) will be about 95--up from 93.6 in September. November, 1952, calculated as 100.

Index slipped as low as 80 early last year, has been climbing since June.

►RESEARCH investment pays big percent, foretells future production.

Survey by National Science Foundation shows that \$4,000,000,000 being spent this year for research will come home to roost in 25 years as \$200,000,000,000 increase in production.

Up to \$80,000,000,000 worth of today's production, says survey author Dr. Raymond H. Ewell, can be traced to research conducted since 1928.

Outlook: U. S. will be spending \$6,600,000,000 for research by 1960.

►RAIL CAR SHORTAGE will ease this year.

Cars on order November '54: 13,336.

On order now: 145,000--to cost about \$1,250,000,000.

Last of those ordered now will be delivered in spring of '57.

Recent shortage--one of biggest--passed peak before Christmas.

At October's end, average daily shortage, all cars: 22,659.

At November's end: 10,751.

Current: 1,000--fluctuating.

Immediate outlook: Shortages will rise by late January, February, then taper off.

►BRIEFS: Business schools, now training about 300,000 students, are expected to double that number by 1970.... Nation by 1963 will require 1,000,000,000,000 kilowatt-hours of electricity to meet growing energy needs.... Skiing is now favorite winter sport of 4,000,000 Americans, and a \$1,000,000,000 industry.... Nautilus, atomic sub built by General Dynamics, has traveled more than 25,000 miles without refueling.... Private pension plans now cover 13,000,000 workers.... Stevens Institute of Technology (Hoboken, N. J.) says average senior in engineering college may receive four or five job offers before he even gets his diploma.... More than two thirds of common prescription drugs did not exist 10 years ago.

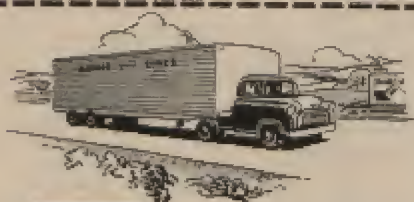
This book tells how to

Farquhar
PACKAGE HANDLING
Conveyors

change *Loading* time



to *Trucking* time



OLIVER

**Farquhar
CONVEYORS**

Your trucks will spend **LESS** time loading and unloading—**MORE** time on the road—when you use light, compact, *portable* Farquhar Conveyors. With one truck or a fleet, a Farquhar Conveyor often pays for itself in a few months' time.

Farquhar Bulletin No. 400 describes fully both Power and Gravity Conveyors to handle all types and weights of boxes, cartons, bales faster with less work.

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A. B. FARQUHAR DIVISION
The Oliver Corporation
Dept. J-63, York, Penna.

☐ Send me Bulletin 400 describing Farquhar Portable Power and Gravity Conveyors.

Name

Company

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Businessmen say ▼ ▼ ▼ ▼ ▼

Don't pack the presidency

Had we such a system as you suggest (in "State of the Nation," December): "... an Assistant President named by the elected President and confirmed by the Senate..." who would succeed the President, we could frequently have the situation where an individual foreign to the preferences of the people could assume the presidency of the United States.

Our President is supposed to be elected by the people. So is the Vice President. They are the two immediate representative "choices of the voters." The next such elective officer is the Speaker of the House, selected by the majority of the House of Representatives.

Let us not even think of packing the presidency, please.

J. A. CORPERO, *president,*
Trans-Continental Films
New York, N.Y.

Invisible government

In all the various discussions of the rights and duties of the Vice President that I have yet seen, Felix Morley is the only writer to come near to the rights, powers and duties of that office. He says, "The Constitution assumes that, during any incapacity of the President, his elected associate, the Vice President, will move in to fill the vacuum" ("State of the Nation," December).

The delegation of power (under the Constitution) is as definite as words can be made and the fact that both under Wilson and under Eisenhower our invisible government was able to trample the clear and positive demands of the Constitution goes to show how utterly lawless our Washington government has become.

The suggestion that Congress enact laws establishing the office of Assistant President is another case of suggesting the trampling of and ignoring of the express provisions of the Constitution. If the President is in need of an assistant, that should be the man elected for the purpose, the Vice President.

HUBERT H. HEATH,
Anthony, Tex.

FDIC survey

The information you received that the Federal Deposit Insurance Corporation last September issued a special call for the number of deposit accounts and the amount of deposits by type and size of account was correct ("Management's Washington Letter," October). However, the conclusion you reached that this study would be used by us to show the need for banking facilities by geographical areas was erroneous.

We have never made a nationwide study of the need for banking facilities by geographical areas, and we are not contemplating one at this time. However, we have studied many individual communities in connection with applications for insurance of new banks and applications for establishment of branches.

The primary purpose of these special calls is to enable the corporation to estimate its potential liability under the \$10,000 insurance maximum specified in the Federal Deposit Insurance Act of 1950.

H. E. COOK, *chairman*
FDIC
Washington, D. C.

We did not intend to imply that FDIC made the study to show banking needs. We meant the study would provide findings which, with other material, might demonstrate needs.

Profit planning

We were very interested in the article about Bell & Howell entitled "How to Plan Profits Five Years Ahead" which appeared in the October, 1955, issue. If they are available, we would appreciate 25 reprints.

LEOPOLD ECKLER
Vice Pres., General Aniline &
Film Corp.
Binghamton, N. Y.

Reprints available at ten cents each from the Business Manager, Nation's Business, Washington 6, D.C.

A serious shortage

You have a provocative article on "Researcher Shortage Threatens U. S. Future." As we are close to the research picture, we are well aware that the situation is even more serious than is generally recognized by



Keith Alderson (above) is Traffic Coordinator for Sportsvision, Inc., in Hollywood. He says,

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industry. We have talked with a good many research directors as well as with heads of science departments of a number of universities. All these people view the situation with considerable concern.

We would like to devote some space in our house magazine to this study and we could think of no better way to do it than to reproduce your article. Our digest magazine is circulated to 70,000 key scientists in laboratories throughout the United States. We trust we may have your favorable reply.

M. E. KANTER
A. Daigger & Co.
Chicago, Ill.

Permission granted (August issue).

Mailroom waste

In your October issue under "Management's Washington Letter" you mention that business mailing rooms waste money through lack of knowledge. Could you tell me where I could get a copy of the 17 point presentation of the Air Transport Association?

WILLIAM H. SEGELKEW
Socony Mobil Oil Co., Inc.
New York, N. Y.

*Air Transport Association of America,
1107 16th Street N.W., Washington,
D.C.*

Power from sun

In the November issue you had two excellent articles on solar energy. The thought occurred to me that one possible way to tap solar energy would be by making use of the same principle that is used in the so-called perpetual clocks which operate by a spring kept wound by minute changes in temperature. If this basic principle were utilized on a larger scale, we could have dynamos anywhere in the country, and in any country in the world, operated by this form of energy rather than by water power.

ROBERT DE FREMERY
Vice Pres., Onor, Inc.
San Francisco, Calif.

Management aid

May I compliment you on this article ["Success Won't Save Your Business," October] because it highlights the importance of management thinking about products and markets in today's economy. This factor will become even more important in the years ahead as managements continue to broaden their horizons in respect to business opportunities and especially, as a result of expanding research and development efforts.

ROBERT W. SMITH
Stanford Research Institute
Menlo Park, Calif.



Helicopter's eye-view of Butler's new building display at Galesburg, Illinois plant. Central building incorporates engineering refinements. Surrounding forest of rigid frames demonstrates

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BY MY WAY

R. S. Duffus



Anyhow, good wishes!

One of the scandals of our life is the way the time gets by, and nobody—neither major political party—does anything about it. If we have a perfect day is any arrangement made for us to hang on to it? There is not. Next day it rains, or we have to say good-bye to somebody, or a bill comes due, or we must go to the dentist, or the good deed we planned to do is no longer possible.

For instance, it is no longer possible for me to wish a Merry Christmas and a full-scale Happy New Year (366 days) to readers of this publication. Or rather, it is no longer possible for me to tell them so in advance. The wish was there. It was time that played me false—Father Time that rushed me from 1955 into what will be 1956 when these words are in ink on paper.

But shouldn't we have good wishes for each other every day rather than merely on special occasions? Let us be kind to each other during the many days that are left of 1956, let us wish each other good luck and happiness and do what we can to produce them, let us look forward to the next Thanksgiving and the next Christmas. If Time brings those days perhaps we can forgive him for the days he took away.

The big year

Politically speaking, this is the Big Year. I have been thinking about this American custom of having a quadrennial election fracas rather than governments which rise and fall with the tides. I like our way better. Presidential campaigns are fun but it takes about four years to get rested up after one. Win or lose, they tucker a person out.

The big blizzard, if any

Another of my old Vermont friends, this time Phileas Thrip of Weatherbeaten Hill, East Fulsome, writes that people nowadays are sissies. They complain, he says, of be-

ing snowed in. In the old days, he says, they merely stirred up the fire, got out some canned vegetables, a side of bacon and a jug of cider and felt sorry for the rest of the world, which, to them, was snowed out.

Retiring—both kinds

A headline in my favorite newspaper reads: "Most of Retired Found Satisfied." This doesn't mean, as the context shows, that persons who have got into bed and gone to sleep are satisfied. It means that persons who have stopped regular work are satisfied. I haven't yet done this and don't really want to. I think



work, of the right sort, is a pleasant way of passing the time. The whole discussion makes me think of a remark Mark Twain made at his seventy-fifth birthday dinner. He owed his long life and good health, he said, to his habit of going to bed whenever there was nobody left to sit up with. Personally, I'm still sitting up.

In search of quietness

A lot of people moved out to the former country town where I live some months of the year because it was so quiet out there. However, they liked to drive into the big city occasionally, and so the authorities built parkways and throughways. These conveniences induced more people to move out, and now it is not so quiet any more. We are trying to decide whether or not to spend more time in the city, and go up to the park when we want to rest and relax, or maybe just sit by a window and listen to the murmur of traffic and look at the pigeons. But if we do this others will and maybe the coun-

try places will grow quiet again and we will all move back. Do I hear any suggestions?

My carnival of crime

I am afraid I am quite a lawless person. The other day I disobeyed the injunction, please use revolving door. I used a side door instead. I also stood on platform of a moving car, though the sign said not to. And—though this I wouldn't like to have go any further—I crossed a street in spite of a flashing red admonition that was at that moment



saying don't walk. No doubt I am a wanted man, with a price on my head, and maybe a full-face and profile photograph in all the better post offices.

Cover up that clove

My friend Wilmer Billings of Sharp Corners, Vt., writes me—I don't know why—to ask if I ever heard of the old-fashioned man, during prohibition days, whose wife didn't care for spices and who used to drink whisky to conceal from her the fact that he had been eating cloves. I hadn't, I didn't even want to. But that is the way with Wilmer.

Being obscure is fun

I suppose in time there will be a generation of children who won't know who Davy Crockett is, or was. It will make no difference to Mr. Crockett, either way. That is the discouraging thing about fame. George Washington and Abraham Lincoln, I am sure, knew they had done a good job but hardly expected statues. Robert E. Lee doubtless thought of himself as the commander of a defeated army. As for the poets, the painters, the musicians and such fry, they were usually lucky if they got enough to eat and a comfortable place to sleep and work. I wish Davy Crockett could come back long enough to know how popular he has been during the past year. I wish some of the others could.

On growing older

Most of us, I suppose, regret that we are not as young as we used to be. On the other hand, most of us hope to be quite a lot older than we are.

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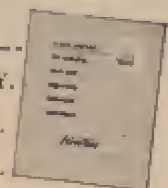
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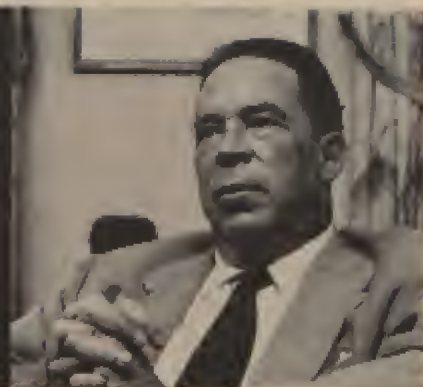
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State of the nation

By Felix Morley



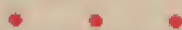
GEORGE LOWN

Quality or quantity? Our high schools must choose

THE RECENT White House Conference on Education has done more to stimulate controversy than to secure agreement on the issues facing our public schools. But the gathering was unquestionably successful in making it clear that two distinct problems are involved.

There is the quantitative problem of school congestion, which is becoming steadily more pressing because of the sharp rise in the birth rate that came with the close of World War II. The threatened, and in some places actual, shortage of qualified teachers is a part of this.

There is also the qualitative problem of the curriculum, and of those grading and teaching procedures which have become targets of increasing criticism as people discover that many high school graduates can neither read, write, nor figure with either facility or accuracy.



While these problems are of different character, neither can, or should, be solved without consideration of the other. And in some areas both problems have been rendered more acute by the effort to integrate white and colored pupils and teachers. There has been much more discussion of the social propriety of the segregation decisions than of their educational consequences. In the District of Columbia high schools, for instance, integration is working well on playgrounds and in lunchrooms, but not at all well in classrooms where the racial differences in educational background show up.

Something akin to a feud is unfortunately developing between those who emphasize the handicap

of congested classrooms, and those who see far greater peril in a curriculum devoid of any significant substance. One educational faction asserts that deficiencies of instruction are entirely due to overburdened facilities and inadequate teacher remuneration. The simple solution is to spend more money on the schools, getting it from the federal treasury if unobtainable locally. The opposition maintains that, as schooling is now directed, the more money spent on it the less truly educated the end product is likely to be. The only safeguard left is local control over the character of instruction locally offered. If the coming session of Congress should vote federal aid to education it would destroy the last remaining defense of real learning, so far as the public schools are concerned.

The heat of the dispute itself suggests that there is a measure of truth in each of these extreme viewpoints. And the White House conference made a start toward reconciliation by considering not only the cubic content of our public schools, but also the content of the teaching that proceeds therein. At least some attention was paid to what the schools are providing in basic intellectual training. This, says Dr. Arthur Bestor in his timely book on "The Restoration of Learning," "means nothing more than deliberate cultivation of the ability to think."

Development of that ability is, of course, the fundamental purpose of the school as an institution. And in that purpose our private schools, as a whole, persevere resolutely. But the spread of compulsory education, together with rapid technological development, has worked to dilute the

State of the nation

original function of the public schools, at least in the upper grades. Few who are familiar with contemporary high schools would now call them "centers of intellectual training." Their present-day role is rather to keep teen-agers off the streets and direct them in what is euphoniously called "life adjustment."

Only 30 years ago there was a nationwide campaign for a Constitutional Amendment to prohibit child labor. That issue is now practically nonexistent in the United States. With ever increasing mechanization, and the consequent increase in productivity of factory and farm, few employers today would even consider the employment of children in anything other than such part-time occupations as delivering newspapers. Indeed, it is difficult for any boy or girl to obtain remunerative work before he or she has reached maturity—not because jobs are lacking but because they have been upgraded beyond the level of juvenile capacity. With increased automation, this up-grading will become more, not less, pronounced.

Consequently, the public high schools must now care for pupils of a type that in years past went early to work. But a significant proportion of these simply cannot be educated at the traditional high school level. Nor can they be dropped for mental retardation. So, to keep uneducable youngsters out of mischief, especially in the big cities, the level of instruction is watered down and competitive marking sometimes completely abolished.

Those who cannot master the multiplication table must still be allowed to graduate. Therefore the public high schools tend to discard the drab three r's, substituting a hodgepodge of pseudo-vocational, pastime courses in subjects like cosmetology, journalism or retail merchandising.

A glowing array of critics blame this corruption of the curriculum on the progressive educators, who long since began to argue that the youthful mind should be beguiled, and never coerced, into learning. But even without the theory of child-centered schools the reconciliation of bright and dull pupils would still be a headache today. The number that is uneducable beyond the elementary grades increases with the number compelled to remain in school.

As one high school principal puts it, with startling frankness:

"When we come to the realization that not every child has to read, figure, write and spell—that many of them either cannot or will not master these chores—then we shall be on the road to improving the junior high curriculum. . . . When adults finally realize that fact, everyone will be

happier—and schools will be nicer places in which to live. . . ."

The alleged improvement, along these lines is clearly shown in the rising percentage of high school graduates who have to take remedial reading if they go on to college. It is also revealed, more alarmingly to some, in the steadily lessening percentage possessing any acquaintance with even elementary mathematics. The net result here is a shortage of engineers which causes our military leaders to issue warnings about the advance of applied science in Soviet Russia, where they begin study of algebra and geometry in the sixth grade.

If the professors of education would emphasize the actual problems in universal, compulsory schooling, the widespread criticism of current procedures would be less strident. Unfortunately, there is a strong tendency to dodge the issue by asserting that serious instruction is somehow undemocratic; that the present debased curriculum is really an improvement over that of the past, and that in any case there is nothing wrong that couldn't be cured by money.

Much gobbledegook is used to bolster these pretensions. Thus it is claimed that a degree in "neopedagogy" entitles its recipient to deference as a director of learning. Thus teachers no longer hear lessons, but "promote social reconstruction through group activities." And clearly one of the customs the neopedagogs are most eager to reconstruct is local control of educational methods. For if the federal government can be made to subsidize the schools the desired funds will be forthcoming and the undesired parental criticism will be simultaneously shut off. Any inquiry from Keokuk as to "Why Johnny Can't Read" would be quietly lost in the shuffle of a Department of Education in Washington.

The financial argument for centralized intervention in this field is thoroughly analyzed in a current pamphlet on *Federal Aid To Education*. The author, Roger Freeman, has gathered impressive evidence to support his charge that the needs of the public schools are grossly exaggerated by the distortions and propaganda of an aggressive lobby. In a thoughtful preface to this publication, President Emeritus Donald J. Cowling, of Carleton College, suggests that the root trouble has been overpromotion "of educational techniques at the expense of educational substance."

There are many, undoubtedly, who hoped that the recent White House Conference on Education would definitely tip the beam for federal subsidies. That it has not done so is due in large part to the efforts of those true educators who have made it clear that *malaise* in our public schools cannot be eliminated merely by pouring in unrestricted funds. It cannot be solved until the basic objective of this schooling is better defined.

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Trends of Nation's Business:

Washington mood

By Edward T. Folliard



Mr. Stevenson clears an obstacle

IN EARLY SEPTEMBER, 1952, Adlai Stevenson flew in a chartered airplane to Portland, Ore., to make a campaign speech. At the airport, while he was still inside the plane, a roar of applause went up from the crowd as a balding man of medium height walked down the ramp. The crowd had cheered Wilson Wyatt, Adlai's campaign manager, thinking him to be the Democratic nominee.

There were many such awkward incidents in Mr. Stevenson's '52 campaign, most of them growing out of the fact that he was not very well known. In traveling with him, I heard Democrats who ought to have known better call him "Governor Stevens." Some didn't even get that close; they referred to him as "Governor What's-his-name."

It might not have been so bad except for the fact that it was Adlai's destiny to be running against one of the most publicized men in the world, a hero with a flashing smile and a million-dollar nickname.

How different things are for Stevenson in 1956! He is once again a candidate for the presidency. What fortune has in store for him on this second try for the White House is for the future to tell, but at least he goes into battle without the handicap of 1952.

He is no longer, as he used to put it wryly, just "a bald-headed character from Illinois running for President." He is a famous man. He has reached a point which few men ever reach, where cartoonists no longer have to identify him with a name tag.

The Illinois statesman not only is a celebrity in

this country, but is something of a world figure as well. He discovered this, with pleasant astonishment, when he made a trip around the world in 1953—a trip, incidentally, that began and ended with White House luncheons.

In circling the globe, Adlai was received by kings, prime ministers and other potentates almost as if he had been the winner, not the loser, in the election. He found to his delight that many of them had remembered things he had said in '52.

All of this must have eased any heartache he experienced in defeat, if one can assume there was heartache. He himself says there wasn't.

Writing about his experience afterward, Mr. Stevenson said frankly that his grinding, 32,000-mile campaign, with its perpetual speech making and handshaking, was an exhausting experience.

"But," he added, "it was a glorious, heart-filling, head-filling odyssey for which I shall be forever grateful to my party, to my staff and to my fellow Americans. Their faces are a friendly, smiling sea of memory stretching from coast to coast. Bitter, ugly, false things were said and written during the campaign, I know, but not by those people. Millions of them believed in me and my party and voted for Senator Sparkman and me.

"Thousands even wrote gracious, flattering letters after the election, explaining why they did not vote for me. They seemed to feel that they owed me an explanation. I was touched and flattered, but I confess the thought occurred to me now and then that a little 'X' in the right place on the ballot would have been so much easier than a long, thoughtful letter."

To many Americans, including the 75,000 who wrote to him after the '52 election, Mr. Stevenson is a refreshingly different kind of politician. However, what these admirers regard as attractive qualities in him are viewed by some professionals as handicaps, or at least as dubious assets.

Here are some of the politicians' criticisms aimed at the 55-year-old, Princeton-trained candidate:

He is too fond of satire and witticisms.

He is too scrupulous, too much statesman and

Washington mood

not enough politician, as shown by his statements in 1952 that he could not promise any miracles, that he did not have all the answers.

He is "too intellectual," and talks "over the people's heads."

Two other things came in for criticism in the last campaign—the fact that he was a divorced man and the fact that he had too few professionals handling his strategy and tactics.

It is hard to say how much of a handicap the divorce has been or will be in the future. At any rate, it does not seem that there is anything that can be done about it—at least by Adlai. It was Mrs. Stevenson, the former Ellen Borden, who obtained the divorce in 1949 after her husband of 21 years had been elected governor of Illinois. He did not contest it.

• • •

Something has been done about bringing skilled professionals into the Stevenson camp. His campaign manager is James A. Finnegan of Philadelphia. In line with tradition, Mr. Finnegan is Irish. But there is nothing old fashioned about him. College trained and polished, he has a record of impressive victories behind him. Working with Democratic reform candidates, Mr. Finnegan did much to smash 67 years of Republican rule in Philadelphia, and also to bring about the election of George Leader, young Democratic governor of Pennsylvania.

To judge from Adlai Stevenson's talk, his chief political hero is a Republican, Abraham Lincoln. He quotes Lincoln far more than he does the idols of his own party, Jefferson and Jackson. He is proud of the fact that his maternal great-grandfather, Jesse Fell, was one of Lincoln's first backers, just as he is proud of the fact that his paternal grandfather, the first Adlai Stevenson, a Democrat, was Vice President under Grover Cleveland.

Since Lincoln was a great wit and story teller, it is not likely that Stevenson will try to curb his own sense of humor.

Whether his jesting really hurt him in '52 is debatable. It was, however, an issue. General Eisenhower himself brought the matter up while campaigning in Stevenson's own state of Illinois.

"I could wish I had a touch of Bob Hope or could croon a bit," General Eisenhower said. "But the subjects I want to talk about are far too serious for joking or crooning."

Mr. Stevenson struck back in a speech in Milwaukee.

"My opponent has been worrying about my funnybone," he said. "I'm worrying about his backbone."

This was a thrust at General Eisenhower for his

failure to stand up for his old wartime superior, Gen. George C. Marshall, whose patriotism had been attacked by Sen. William Jenner of Indiana and Sen. Joseph R. McCarthy of Wisconsin.

Some of Mr. Stevenson's backers have been saying that they hope he will get closer to the people this time. As Charles B. Cleveland wrote in the *Chicago Daily News*, they are going to try and "get him out of the drawing room martini set and closer to the beer-in-the-kitchen folks."

If this means that his backers want him to lessen the intellectual quality in his speeches, they probably will fail.

"Did I talk over the people's heads?" Stevenson asked after the 1952 election. "No—and that's about the only aspect of the campaign I am sure of. I think candidates for important office should not treat us as 14-year-olds but as adults . . . What's more, I doubt if I could have talked over people's heads even if I had foolishly wanted to."

Jim Finnegan, Adlai's campaign manager, who knows both the martini set and the beer-in-the-kitchen folks, was talking about this matter recently.

"If you try to make him over too much," he said, "first thing you know you won't have an Adlai Stevenson."

Mr. Finnegan said that, in the '52 campaign, he heard criticism that Adlai was "too highbrow," and also heard suggestions that the candidate ought to come down out of his ivory tower. He went on to say:

"I heard precinct captains say they could understand him all right, but they didn't think the voters could. But the funny thing was, I seldom found a voter who said he couldn't understand him."

• • •

Despite criticism of Mr. Stevenson, you rarely hear any Democrat blame him for the '52 defeat. After the balloting was over, there was a rather general feeling that the result was foreordained—that no Democrat could have won against the enormously popular General Eisenhower.

Of course Mr. Stevenson first has to get the Democratic nomination if he is to have a chance at the White House this year. His backers appear to be supremely confident that he will get it. They point out that he won the nomination in '52 without asking for it, without really wanting it. Who, they ask, will be able to beat him out this time when he is an active candidate for the prize? They contend that Adlai's Democratic rivals are not only no stronger now than last time, but probably not even as strong.

Even if Adlai's nomination in August be taken for granted, the outcome of the November voting on the presidency itself is clouded in the deepest uncertainty. The dawn of 1956 finds Washington remarkably shy of prophets.

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Nation's Business January 1956

THIS is a year of political decision.

More than 60,000,000 voters, each according to his lights and guided by his own judgment, will decide whether to keep in the highest office in the land—perhaps the most important office in the world—Republican leadership, or to change to Democratic leadership.

Many millions of voters will base their decision on history—the history being made by the Eisenhower Administration.

This is the third year NATION'S BUSINESS has invited the history-making members of the President's Cabinet to put into their own words their aims and accomplishments. It is their own record.

Two years ago it was the Year of Historic Change, the record of the first year of the Eisenhower Administration after 20 years of Democratic leadership. Last year it was the Midterm Report. Now it is the Election Year Report.

Friendly caricatures of the President and members of his Cabinet are by Charles A. R. Dunn of our staff. A historian's view of the Administration's past and present is presented with the Cabinet members' reports. It is by Allan Nevins.

Our purpose is neither to defend nor to criticize, but only to present to the American people this *Election Year Report*.



Russia

BY JOHN FOSTER DULLES
Secretary of State

LAST YEAR I said to you that "the goal of our foreign policy of 1955 will be to enable you and me and our children to enjoy in peace the blessings of liberty." We have had that enjoyment and much has happened to assure it for the future. Indeed, historians may call 1955 a pivotal year. It was then that the cumulative effect of our policies in partnership with our allies brought about a major shift of Soviet tactics from those of violence and attempted intimidation.

The climactic event of the year was, of course, the Summit meeting at Geneva last July. Then President Eisenhower, Sir Anthony Eden of Great Britain and Premier Edgar Faure of France, with their Foreign Ministers, met with Premier Bulganin, Mr. Khrushchev, Marshal Zhukov and Mr. Molotov of the Soviet Union.

The purpose of this conference was to try to create a better atmosphere which might, we hoped, facilitate the solution of the difficult problems that divided the Soviet bloc and the West.

That Summit Conference needs to be seen in the light of the events of the preceding decade.

Violence, actual or threatened, had been the dominant characteristic of Soviet policies during the 1945 to 1955 decade. There had been the Soviet effort to maintain its Red Army in northern Iran; the communist guerrilla warfare against Greece; the communist takeover of Czechoslovakia under the menace of Red Army invasion; the blockade of Berlin; the Soviet-inspired armed aggression against the Republic of Korea; the communist war in Indochina; the warfare in the Formosa Straits, ostensibly designed to prepare the way for the capture of Formosa by force; and the threats against the western European countries designed to frighten them from consummating the Western European Union and North Atlantic security, with the participation of the Federal Republic of Germany.

This last effort collapsed in failure last spring and at that point the Soviet rulers seem to have realized that their tactics of direct action were no longer productive. So they abruptly changed their course.

In May of 1955 they signed the Austrian State Treaty, a treaty which had been pending for seven years. It liberated Austria from military occupation

faces new frustration

and, for the first time since World War II, Red Army troops pulled back in Europe.

There was also the pilgrimage to Belgrade, as an ostentatious profession of tolerance toward one who had until then been regarded as a heretic to be reviled, threatened, and, if possible, liquidated.

And then the Soviet rulers made it clear that they would like to sit down and talk, at the highest level, with representatives of the West.

Throughout the world the people, with sound instinct, hoped for a positive response to this Soviet mood, if only to find out what it really meant. That was also the view of President Eisenhower, who had often said that he would not forego any opportunity, however slight, to seek sincerely a just and durable peace.

So, a conference was arranged. It was planned to have two stages. The first would be the meetings of the heads of government themselves, a meeting which would inevitably be brief. It was designed to identify problems and to create a better atmosphere for their possible solution. Solutions would be sought at a second stage which would begin with a subsequent meeting of the foreign ministers.

At the Summit Conference the attitude of the Soviet Union was ambiguous. There were smiles and affability. But, as President Eisenhower said in his closing speech at that conference, "only history will tell the true worth and real values of our session together. The follow-through from this beginning by our respective governments will be decisive in the measure of this conference."

In October, the follow-through occurred. Then, the Soviet government repudiated its explicit agreement of July that there should be reunification of Germany by means of free elections. They were afraid to subject any satellite regime to the test of free elections, lest they begin a movement that would topple them all. Also, the Soviet delegation showed, in discussing disarmament and the possibility of increased contacts, that the Soviet rulers were afraid to permit inspection and control, as needed to provide an adequate basis for a dependable disarmament program, or to accept any contacts which might bring into the Soviet Union new

ideas and new thoughts, or even factual reporting from the West.

So the total result of the two-stage effort was negative in the sense that no effective agreements resulted. But there were gains, principally in what the meetings revealed.

President Eisenhower, at the Summit Conference, dramatically revealed the sincerity of our nation's desire for peace. His proposal for reciprocal aerial inspection and exchange of military blueprints could only have come from a man, and from a nation, which had no hostile or aggressive purposes to conceal.

The Soviet government also revealed its insincerity and its fears when, in November, it rejected President Eisenhower's proposal and when it repudiated Premier Bulganin's explicit agreement of July regarding Germany, and refused to allow contacts which might carry the spirit of Geneva within the Soviet orbit.

It was healthy, indeed indispensable, that this mutual testing should have occurred. It enables us the better to plan for, and cope with, the future.

The message which I sent you last year was entitled "Red Tactics will Vary—so will Ours." Events have confirmed that title.

The Soviet post-Geneva tactics differ from those of the past. It is not possible as yet to diagnose with precision their scope and nature. It seems, however, that the Soviet rulers will continue to develop their nuclear arsenal and maintain a vast military establishment. But they may not threaten with it so long as the free nations remain united and maintain adequate retaliatory power.

The free world has developed, and in recent years made effective, a two-pronged defense system. On the one hand our collective security arrangements provide a political warning system which, extending virtually all around the world, puts potential aggressors on advance notice as to the consequences of open armed aggression. On the other hand, there is selective retaliatory power appropriate to deter armed aggression either on a large scale or on a small scale.

But the continuing attention of the Soviet Union to its military power puts us on notice that, if we want to avoid war, our deterrent (continued on page 90)

Strong economy renews opportunity

BY GEORGE M. HUMPHREY

Secretary of the Treasury

IN 1955 we set new records in almost every way in which good times can be judged and measured.

Employment in August reached 65,500,000 for the first time in history. Unemployment declined in October to 2,100,000. And at the same time there has been an Eisenhower "extra" for the benefit of all Americans. The fact that there has been practically no change in the cost of living since this Administration took office means that the wage-earners of America have been getting real wage increases instead of the "cost of living" wage increases which had previously been the order of the day.

More important perhaps than any other single thing in developing a healthy economy with high employment and good times has been widespread general confidence in the integrity of the government, in its security, in its plans and programs, and in the soundness of its money.

The dollar has been stable and is the most prized currency in all the world. Pensions and savings have been protected. Investment is encouraged and at long last we are on the way to a balanced budget for the government.

It is this course of government conduct, so carefully planned and so rigidly adhered to, that inspires the great confidence of the people and which has brought us so far from the predictions of doom and gloom of recent memory into the greatest volume of business and highest employment of people in the long history of this country.

Of particularly great importance has been our consistent program of economy in government spending. Since the 1953 fiscal year government spending has been cut by \$10,500,000,000. Reductions have been made in spending in many places. In defense, while reductions have been made, we have at the same time been developing a better, more efficient defense structure.

Today, at less cost, we have an armed strength more efficient and better organized than ever before. We have the great advantage of guidance from the foremost military leader in the world and, under President Eisenhower's great leadership, the defense of America is today stronger in peacetime than at any previous moment in our history.

Our economy has been greatly strengthened by the

\$7,400,000,000 tax cuts which we put into effect in 1954. The benefits of the cuts have been manifest in employment, in business expansion, in consumer buying, and in many other economic areas.

The tax cuts were timed to help absorb the shock of heavy cuts in government spending, and they did just that.

As a result of the reductions in government employment and purchasing, many people who had been working for the government directly or making wartime goods which the government had been buying faced the necessity of getting jobs making peacetime goods for all the people to buy to improve the general scale of living.

The tax reduction program left a huge sum in the hands of all the people with which to buy the goods they wanted. Returning \$7,400,000,000 to the people to spend for themselves was certain to result in the creation by the private economy of more and better jobs for the people who used to make their living from government spending. And it did.

The Administration had resisted pressures to move in and try to run the economy from Washington. With confidence in our position, we were determined to retain the economic freedoms we had won.

While the Administration has been working at these greater undertakings, it also has been working at lesser ones with good results.

For example, the Treasury and the Department of Health, Education and Welfare have completed plans to put into effect, as soon as enabling legislation is enacted, a change in government paperwork which, according to an estimate of the Hoover Commission, will save the employers of the country \$22,000,000 per year in the cost of wage reports they must make.

The legislation would permit consolidated reporting once a year of wages for both income tax and social security tax purposes on the commonly known Internal Revenue Service annual tax withholding statement Form W-2. At present separate quarterly reports numbering some 16,000,000 a year and listing 200,000,000 wage items must be made for social security purposes. These would be done away with.

In addition to savings for employers, substantial advantages to the government would be realized and wage earners would benefit because crediting of



amounts of wages to individual social security accounts would tend to be more accurate.

I hope that this proposal, which was strongly recommended by the Hoover Commission, will receive prompt approval by Congress so we can put it into effect in 1956. It is an example of many little-advertised steps the Administration is taking in the direction of greater efficiency in government operations, and consequent savings for the people the government serves.

In great ways and small, the government can help best to strengthen the economy by helping to provide fertile fields and sound basic conditions in which 166,000,000 Americans can work. The success of our economy depends primarily not upon government but upon the efforts of all the people all trying to do a little more for themselves, trying to better themselves and their loved ones.

It is the cumulative effect of all this individual effort, each for himself, thinking, planning and working to improve his own position in his own way, that makes our system superior to anything ever known in this world before. That's what makes America.

At the outset of the Administration's fourth year,

it is worth while to recapitulate the results of its work during the first three years.

We now have a sound and stable dollar.

We have reduced deficit spending until now we can hope that a balanced budget is within our grasp.

We have not yet reached that happy time when we can pay down on our debt, but we will have very little, if any, net increase in borrowing.

Our credit has improved by the manner in which we have handled the debt we already owe.

Taxes have been reduced for every single taxpayer in this country.

Free markets in America have been reestablished without price controls.

Restriction and rationing are gone.

Inflation and its cruel theft of savings is halted and the savings of the old, their pensions and insurance, have been protected.

America is again becoming the land of unbounded opportunity for the young where only your own ambition and ability can limit your rise to any height.

The turn has been completely made. America now faces in a new, improved direction, and progress in this new direction is well on its way.

END



MORE DEFENSE FOR EVERY DOLLAR

BY CHARLES E. WILSON
Secretary of Defense

IN THE PRESENT world situation there is little doubt that our country's military strength, coupled with that of our free-world allies, is the major deterrent to war. Our purpose is to provide ourselves with military forces that are visible proof that if anyone were to attack us the way would be hard and he could not win.

Since the threat to our security is a continuing and many-sided one, there is, so far as we can determine, no single critical "danger date" and no single form of enemy action to which we could soundly gear all our defense preparations.

Our basic military plan, therefore, is to maintain military strength into the indefinite future and not be overly influenced by the daily, monthly or yearly ups

and downs that some people might appraise too optimistically or too pessimistically. In the meantime we must keep our military strength sufficiently flexible to counter the varying dangers that threaten us.

Both in composition and strength our security arrangements require long-term planning. Lack of reasonable stability is the most wasteful and expensive practice in military activity. We cannot afford such waste. We must organize our military establishment so as to assure a steadily increasing efficiency, in step with scientific advances, and with a stability that is not materially disturbed by every propaganda effort of unfriendly nations. We are well along the road of achieving this objective.

Due to the destructiveness of modern weapons and the increasing efficiency of long-range aircraft and missiles, the United States has reason, for the first time in its history, to be deeply concerned over the serious damage which a sudden attack could inflict upon our country. We must therefore maintain the capability to deter an enemy from attack and to blunt that attack if it comes—by a combination of effective retaliatory power and a continental defense system of steadily increasing effectiveness. These two tasks logically demand priority in all of our military planning. They have been given this priority.

In developing our military programs we first determine a minimum sound defensive system for the country, taking into account both our retaliatory and defensive requirements and the capabilities of potential enemies. After that has been determined as best we can, we estimate what it is going to cost. In this process we are studying very carefully the need for forces in being, modernization of equipment, expenditures for research and development, stockpiling, military assistance to friendly countries, and our reserve program.

Overemphasis on any one factor might endanger our security and prove wasteful at the same time. For example, if we were to spend all of our money for forces in being and none for research and development, our military machine would soon get obsolete. If we took the other extreme and spent it all for new weapons and research, and a war should be forced upon us, we would not have the trained men and the needed weapons with which to fight. A carefully balanced military program is a vital requirement.

Under these circumstances, we have chosen a course which, we believe, will provide the required defenses both efficiently and economically:

1. We are maintaining, under present world conditions, armed forces at a steady level of about their present size and equipped with the most modern weapons. Their retaliatory power is unequalled in the world and we plan to keep it so.
2. We are keeping these forces flexible to permit periodic adjustment which will take advantage of the rapid technological developments of our age.
3. We are proceeding with the planned improvements in our continental defense and early warning systems.
4. We are pushing the development and production of promising new planes, ships, guns, and missiles.
5. We are not placing undue reliance upon any one weapon or service, but stand ready for any foreseeable emergency.
6. We are working hard to develop a truly ready Reserve and National Guard which will be properly manned, trained, and equipped.
7. We are recommending the continuance of military assistance to our allies to the extent that they are unable to provide the necessary equipment and training for themselves.
8. We are insisting that, in addition to their other duties, promoting and practicing real economy is the

constant mission of every responsible official, military and civilian, in the Defense Department.

The last point, economy in all of our activities, is one of the most essential in our military program. If we are to support active and effective forces at about the present level over a long period, we must practice a strict austerity in day-to-day operations. As the cost of our tremendously complicated military equipment increases we must redouble our efforts to eliminate waste and duplication of every kind. We must get the maximum of defense out of every dollar spent.

The military departments and the Office of the Secretary of Defense have been working continuously and hard at this major problem and their efforts are showing increasingly encouraging results.

Improved utilization of personnel has made it possible to maintain the operating forces at a high level. The ratio of operating personnel to supporting personnel has increased steadily. Measures taken to retain capable and experienced personnel in the armed forces have brought a rise in reenlistment rates, thus increasing the military effectiveness of the services and saving additional training costs. Financial property accounting, better inventory management, and improved cataloging and standardization have provided the basic tools for the effective control of material on hand, the identification and disposal of surplus stock, and the determination of realistic operating and mobilization requirements. Wherever feasible, the Department of Defense is being taken out of operations that can be more economically performed by private enterprise.

These and many similar measures have resulted in the elimination of activities of marginal importance, the more efficient management of others, and, above all, the allocation of a higher percentage of available funds to the most essential military programs.

Military forces in America are maintained to defend a way of life, not for aggression. Military expenditures must be adequate for this purpose but must not be so great that they will become an intolerable burden which will harm the social and economic fabric of our country. True security for our country cannot be founded upon arms and arms alone. It must also be founded on a constitutional government which protects the liberties of our citizens and on a strong and expanding economy—readily convertible, if need be, to the tasks of war.

It is at this point that professional military competence and political statesmanship must join to form judgments as to the defensive structure that should be supported by the nation. To do less than the minimum would expose the nation to aggression. To build excessively under the impulse of fear could defeat our purposes by damaging the growth of our economy and eventually forcing regimentation and controls running counter to the freedom that we are prepared to fight to defend.

Final decisions regarding our military programs are made in full recognition of these facts. They involve the most careful evaluation of conflicting demands. They are based on the overriding requirement of providing essential defense without undermining our way of life. It is believed that the decisions reached have adequately met this double requirement.

We must continue to meet it as long as powerful countries threaten the freedom and independence of others. Our armed forces constitute the major insurance for peace in the present world situation. By maintaining their effectiveness and efficiency we will make it possible for our country to continue its leadership on the road to peace—certain in the knowledge that this goal has the support of the overwhelming majority of the American people.

END

Justice policy:

THE year 1956 will see developments in two fields of the law especially interesting to the business community.

The first is a sustained attack, in cooperation with the federal judges, to eliminate arrearages, or backlogs, of criminal and civil cases in the federal courts.

The second is continuation of our vigorous enforcement of the antitrust laws to protect our free competitive enterprise system.

The attack on the backlog problem is well under way. If the condition has not greatly improved by next summer the Justice Department is prepared to try cases throughout the summer months and work day and night if necessary.

A picture of the magnitude of the task is available in the fact that, in the 13 years after 1940, the backlog of cases in the Department had risen from approximately 18,000 to 34,000. But as a result of refinement of procedure and new methods adopted we were able to achieve a reduction of 4,542 cases in an eight-month period prior to June 30, 1955. The upward trend has been halted. It is our goal to increase the rate of reduction which amounted to 12 per cent in fiscal 1954, and 25 per cent in fiscal 1955.

Recent Antitrust Division activities highlight our vigorous enforcement policies. For the year ending Dec. 1, 1955, for example, 56 new cases were filed—34 civil and 22 criminal. The bulk of them involved traditional hard-core Sherman Act violations such as price-fixing and allocation of territories.

These new cases represent a sharp increase over the recent past. In fiscal year 1952, the last year of the previous Administration, 30 new cases were filed; in fiscal year 1953, 33 new proceedings were brought; and, in fiscal 1954, some 32 new antitrust cases were launched.

Beyond the 56 new cases, during the same period, Dec. 1, 1954, through Dec. 1, 1955, some 49 antitrust cases were brought to a close. Of these, 15 were cases filed during that very year. Thus we make real strides toward keeping our calendars up to date.

Our ability to close these 15 cases in the same year they were brought stems in some measure from our new program for pre-filing negotiation. In essence, our approach involves negotiation of consent judgments prior to the filing of the civil complaint. By holding up formal proceedings, we aim to avoid freezing either government or defendants' attitudes into publicly expressed positions.

Thus, we hope to promote flexibility and ease compromise in the process of decree negotiation.

Pre-filing negotiation itself is no stranger to the Department. In the second half of the 1920's, about a quarter of all cases utilized this procedure. In the 1930's, however, such negotiation fell into disuse. And when it was revived, from 1939 through 1942, it was pressed after companion criminal cases had been brought. Thus pre-filing civil negotiations were then only a step in the settlement of the criminal proceedings. And this pressure of the pending criminal suit on civil settlement negotiation (whether actual or inferred) was generally criticized.

Our current pre-filing negotiation practice differs sharply from this pressure policy. Today, we enter pre-filing negotiations only where we contemplate civil proceedings. Thus, in no instance is the criminal sanction used to coerce civil settlement. Our purpose is to adjust civil controversies before they come to court, not to force their disposal by threat of criminal prosecution.

In addition, we will not enter pre-filing negotiations where, for example, an important issue of law demanding litigation is involved, or where long delay might vitiate the cause embodied in the complaint. Experiment with pre-filing negotiations has now continued for more than two years. And on the whole our experience has been a satisfactory one. We plan to step up this process during the coming year.

In addition to concentration on hard-core violations and increased emphasis on calendar clean-ups, cases brought have aimed at practical enforcement results—at vigorous enforcement without fear or favor.

This Department has pressed for such enforcement results against all groups alike. For example, Congress has exempted many activities of organized labor from antitrust. Nonetheless, we have moved vigorously to strike down those union restraints on commercial competition which Congress has not specifically shielded.

From January, 1953 to date, the Antitrust Division has brought ten cases in which a union was a defendant and one in which a union was a co-conspirator. This two-year record of 11 cases stands in sharp contrast with the six-year record from 1946 to 1953 of only 16 cases naming unions as defendants. Thus, in a little more than two years we have brought virtually three fourths as many cases against unions as were brought in the six years before 1952.

We not only prosecute all violators, no matter what their political power, but once judgments are rendered we see to it that they are lived up to. In the 62 years since the Sherman Act's passage, some 24 contempt proceedings have been brought for violation of outstanding decrees. Of this 24, one third, or eight, have been brought in the past three years since the Republican Administration took over in Washington.

On the basis of our past record, then, what can be expected for the coming year? First, most broadly, more of the same hard-hitting, but fair, concentration on traditional hard-core violations. Second, we shall try to speed to trial cases brought thus far. Only in this way can both defendants and the government be assured of a prompt determination of their rights.

Finally, a variety of new statutes have imposed added antitrust duties on the Department of Justice. Most important is the provision which enables the United States government to sue for actual damages stemming from antitrust violations. Beyond that, recent amendments to the Defense Production, Small Business, and Interstate Oil Compact Acts direct the Attorney General to survey and report to the President and Congress regarding the competitive consequences of certain operations under those laws. All these new tasks, then, will be included in our operations for the year to come.

END

vigorous action

BY HERBERT BROWNELL, JR.
Attorney General





WE CAN BREAK EVEN WITH HIGHER RATES

BY ARTHUR E. SUMMERFIELD
Postmaster General

THE UNITED STATES Post Office Department has a new look—and a new spirit.

The new look is dramatized by the eye-catching red, white, and blue colors which now modernize mail boxes and postal trucks.

But the improvements taking place in the postal establishment—which serves more of our citizens more intimately and more frequently than any other government department—are far more fundamental and much more significant than this new color scheme.

Never before have the post offices of the United States handled so much mail volume, so quickly, so efficiently, so economically.

Deficits are lower. The postal deficit of \$362,700,000 for the 1955 fiscal year is less than half of the all-time high reported deficit of \$727,000,000 for fiscal 1952.

When our team of executives recruited from industry assumed responsibility for the management of the Post Office Department Jan. 20, 1953, we found:

- The post office had no certified public accountants on its payroll although its financial transactions exceeded \$20,000,000,000 a year.

- There was no modern personnel department to meet the needs of 500,000 employees.

- No training program was being used.

- The salary structure contained innumerable inequities and offered no real incentives for advancement to supervisory positions.

- Although the Post Office Department handled more than 50,000,000,000 pieces of mail annually, it had no materials-handling engineers.

- The worst highway safety record in government.

- No public information services were being used to help the public help itself to better mail service or to provide communication channels between management and employees.

- No basic review of its transportation policies and methods had been made in 25 years.

- Nearly 40,000 postmasters reported directly to Washington on even the most trivial problems.

- Management control tools and methods were so completely lacking that when I first called for a financial report on the previous months' operations, I was told that such data would not be available for 18 months; that such reports were considered historical documents and never intended for management control purposes!

In three years the Post Office Department has been overhauled and reorganization is nearly complete.

Tried and proven concepts of modern business management have been introduced and the results are becoming increasingly apparent to the public.

The faster, more efficient, and more economical mail service is due in part to these improvements.

- Mailers and postal patrons benefit from more than 70 changes in procedures. Post offices in most major cities are open longer and mail is collected later. More than 5,000 city letter carrier routes are being added annually. Modern rural delivery service is being expanded constantly. New services are being added—and others simplified. The new certified mail provides important benefits of registered mail, including proof of delivery, at lower cost. A new money order procedure eliminates forms and reduces time spent in line. New pamphlets help the public help itself to better mail service.

- The internal procedures of handling money, book-keeping, and financial reporting have been greatly streamlined. Payrolls are being handled by modern punchcard checks and equipment in 15 centralized locations. The daily task of processing and accounting for 1,500,000 paid money order forms is centralized in the new Kansas City Money Order Center which will ultimately use the most modern electronic equipment. Simpler financial procedures generally will

achieve a total reduction of 5,000 positions from the overhead. This program relieves postmasters of unnecessary paper work, gives them modern business methods, and enables them to concentrate on the major job of moving the mail.

- A nationwide safety program has already reduced motor vehicle accidents from 13 to eight per 100,000 miles. Even better results are anticipated.

- Broader and better use is being made of all types of transportation by employing the one best equipped to do the individual job speedily, efficiently, and economically. This means expanded use of trucks and tractor-trailers, bus lines, highway post offices, and air cargo carriers; using the unused space on scheduled air liners for the experimental movement of three-cent mail; a better coordination with railroad operations; and revision of schedules to deliver the mail on the day it arrives at destination post offices.

- With the opening soon of the Wichita, Kan., Regional Office, postal operations will be decentralized into 15 regions and 91 districts, and operated on a home-rule basis.

- The first coordinated progressive personnel program in the Department's history has been established. The installation of a sound salary structure, based on position evaluation, provides 508,000 postal employees with fair wages, incentive to advance in the career service, and compensation related directly to duties performed.

- The Department has leased more than 900 new postal buildings, valued at approximately \$45,000,000, through its commercial leasing activities from January, 1953, to Nov. 15, 1955. The new lease-purchase program by which buildings are bought out of rent, includes 27 further projects approved as of Nov. 15, 1955. This will create \$14,000,000 in new construction. Both programs use the financing and construction capacity of private industry.

- Close cost control has been established over the 85,000 motor vehicles the Post Office Department uses (of which 25,000 are owned by the government). Postmasters are charged for the use of this equipment and personnel to make them cost-conscious. A Post Office Department fleet is being developed consisting of four basic standard production-line trucks which will do the same job better than the seven types of special built, often hand-made vehicles formerly purchased. The estimated savings are 20 per cent in purchase prices and 20 per cent or more in operating cost.

- Practical training programs aimed at improving personnel and mail service—involving ten courses of instruction ranging from tying bundles of letter mail to executive development—have been launched. The Suggestions and Incentive Awards program has been modernized, and the Department received, in 20 months ending Nov. 15, 1955, double the number of employee suggestions offered in the previous five years, with savings estimated at \$2,261,000. Uniforms are being redesigned, standardized and brightened effective this month, although employees having garments of the previous design in good condition will be permitted to wear them until January, 1957.

- Unnecessary service units are being eliminated. Approximately 3,000 small post offices have been closed, at a saving of more than \$4,000,000, with the patrons generally getting better service through rural delivery.

- Practical experiments and research are being carried on continuously. Those now under way include: 1, a variety of motorized conveyances for city carriers; 2, an automatic mail facing machine; 3, automatic sorting by electronic scanning; 4, self-service equipment for post office lobbies; and, 5, mechanical parcel post sorting.

- The first nationwide effort to attract desirable new

career employees into the postal service was launched in December, 1955. Display posters in 10,000 post offices and on 16,000 Air Force recruitment billboards in 3,000 communities are being used for a 30-day period, outlining salaries and benefits of postal employment.

Despite the progress made in modernizing the mail service and reducing its cost, the Post Office Department faces two serious problems.

One is the inadequacy and the deterioration of its physical plant. Many post offices were built 50 or even more years ago. Far too many of our postal facilities are badly run-down, out-grown, outmoded.

In some larger cities, facilities are so inadequate that mail is sorted outside post offices on the sidewalks or in the alleys, rain or shine. At numerous points, trucks cannot squeeze into the small post office loading and unloading areas. Many post offices and mail terminals are dingy, badly in need of renovation and better lighting, and completely lacking in modern equipment to speed mail distribution.

To correct these conditions will take time and money. We cannot continue to ignore these needs, particularly since they grow increasingly worse as the mail volume of this dynamic and growing country is constantly increasing. It is now 45 per cent greater in volume than it was ten years ago.

The other and more serious problem concerns the fiscal plight of the Post Office Department. The postal deficit accumulated since World War II—during a period of unprecedented prosperity—has now reached \$4,600,000,000 and is costing taxpayers more than \$100,000,000 a year in interest alone.

Despite the efficiencies and economies we have been able to make, the Post Office Department now faces a yearly deficit of about \$500,000,000. Nearly \$200,000,000 of this is the cost of the recently enacted pay raises and other employee benefits.

Basically, our failure to operate on a more nearly break-even basis is due to the fact that postage rates today are essentially the same as they were in 1932. Meanwhile, the cost of nearly everything the Department buys or uses has more than doubled, as have most household or business expenses.

That is why we are recommending moderate increases in postage rates on First, Second, and Third-Class mail to Congress.

We believe Congress and the American people appreciate the need for reasonable rate increases so that their Post Office Department may improve its services and facilities and operate on a self-supporting basis as do the postal establishments of most major nations. Our neighbor, Canada, for example, has shown losses in only three of the past 20 years with an over-all surplus for these two decades of \$89,523,932.

Many members of Congress have polled their constituents on this question of postage rates. So has the Post Office Department. In all parts of the country, the people queried indicated that they favor, usually by margins of at least three to one, increasing postal rates to make the Post Office Department self-supporting. Public opinion here is apparently no different than in Europe where competent observers state that a postal deficit would not be tolerated.

If these rate increases are granted, we can complete the job the Post Office Department set out to accomplish nearly three years ago—provide better service—lower costs—reduce the postal deficit—and operate on a break-even basis.

Then the Post Office Department can provide the most efficient service possible to meet the constantly expanding needs of this most prosperous nation on earth.

END

Government a partner, not a competitor

BY DOUGLAS McKAY
Secretary of the Interior

OUR COUNTRY'S economic health depends in large part on the wise development and conservation of our natural resources.

That development and conservation is entrusted to the Department of the Interior.

I believe that the Department kept the patient healthy in 1955 and will have him vigorous and growing in the year ahead.

This is no small order, for our range of responsibilities is a wide one. We build multiple-purpose dams that cost hundreds of millions of dollars. Yet we are no less concerned with seeing that a Navajo Indian child on a reservation has an opportunity for education.

Here is a quick check list of what I believe were the major accomplishments of the Department in 1955:

► Under President Eisenhower's partnership plan, great strides were made toward development of our water resources and power potential. Provision was made for starts on six new irrigation projects which will cost a total of \$1,000,000,000.

► Through its Bureau of Mines, the Department developed production of an important new metal, zirconium, and then let private industry take over the production.

► During the three years of the Eisenhower Administration, we have added 400,000 acres to the park system.

► Development of submerged lands on the continental shelf off Texas and Louisiana continued and rentals



have now brought the federal government more than \$250,000,000 in revenues.

►Steps were taken to extend refuge land for our fish and wildlife resources.

►Our Fish and Wildlife Service helped raise the yield of commercial fisheries in the United States and Alaska.

►We have taken steps to conserve our most priceless resource—our citizens. We have provided educational facilities for 14,000 Navajo Indian children who had never gone to school because facilities were lacking.

Of all the Department's activities I know the one most publicized is that in the field of water resources and hydroelectric power. This has been the most controversial, particularly the development in the Pacific Northwest.

In the next 20 years our industrial and domestic need for water will increase by 145,000,000,000 gallons a day. That is equivalent to the flow of 11 Colorado Rivers, and the Colorado is one of the world's mightiest streams.

There will also be a tremendous increase in the use of electric power in the years ahead. Some of this will be steam generated, but much of it will be obtained by harnessing the flow of our rivers.

This will be especially true in the power-hungry Pacific Northwest where 6,000,000 additional kilowatts of electric power will be required by 1965.

Power needs in the Pacific Northwest alone will require investments of \$3,000,000,000 over the next ten years.

Recognizing that even the federal purse is not bottomless and that some means must be found to provide the money for these needs, President Eisenhower adopted the partnership program. Under this program the states, local public groups and private enterprise can join with the federal government in building these facilities.

This was an abrupt departure from the policy of 20 years of previous administrations that held power should be developed as a federal monopoly. The success of the program can best be measured by an examination of results.

In the past two years the Federal Power Commission has received applications for permits to survey potential power sites which represent a larger total of kilowatts than was covered by applications in the seven preceding years.

In the Columbia River basin, applicants have sought permission to build 40 new power plants with a total capacity of more than 8,000,000 kilowatts.

In this region partnership has brought eager dollars into the open. The people there are willing to invest in their own betterment.

I am hopeful that Congress will act favorably early in the next session on the important Upper Colorado

and Fryingpan-Arkansas projects which are urgently needed for irrigation and power development.

Other important partnership undertakings await only a favorable nod from Congress. The city of Eugene, Ore., has offered to pay the \$11,000,000 cost of the power facilities of the Cougar dam. A private utility is ready to pay for the power facilities—half of the total \$58,000,000 cost—of the Green Peter and White Bridge dams on the Middle Santiam in Oregon. Local utilities have offered to pay \$273,000,000 for construction of the power facilities of the proposed \$310,000,000 John Day dam on the Columbia River.

The long stalemate over development of the Snake River was broken last year when the Federal Power Commission authorized the Idaho Power Company to build three dams at a cost of \$191,000,000.

This was important because development on the Snake had been stalled much too long. Under previous administrations, the Department of the Interior had filed a formal protest against nonfederal development. It was proposed to build a \$475,000,000 federal project.

It never got beyond the proposal stage. The costly project was repeatedly rejected by Congress. When I took office, I held the opinion that this dog-in-the-manger attitude was a disservice to the people in that region who need the power. I ordered the Department's objection to nonfederal development withdrawn.

The Federal Power Commission is, by law, the proper body to make such decisions. And it did so, but only after many months of hearings.

The Department, through its Bureau of Mines and Geological Survey, has long played an important role in mineral development and conservation. We have sought to assist industry in developing efficient, low-cost methods of processing secondary mineral deposits, and to help find new materials.

This permits me to tell the story of zirconium and to my mind it is a dramatic illustration of government-industry teamwork at its best.

Zirconium, without which our atomic-powered submarine *Nautilus* might never have put to sea, was a laboratory curiosity ten years ago. Experiments showed this lightweight metal to be corrosion proof and possessed of unusual strength.

Although it has many other uses, zirconium was found to be indispensable for nuclear reactors. It is an important part of the shields protecting the crew of the *Nautilus* from atomic radiation.

Every pound of zirconium in the *Nautilus* was produced in a Bureau of Mines pilot plant at Albany, Ore. But with the assistance of Bureau experts, private industry steadily increased its output of the metal and reduced the cost by more than 80 per cent. The Bureau's pilot plant was closed last June because private industry by then could meet normal requirements.

This is how the cooperative process can and should work. The government aided in the development of a new and useful metal which can be produced from an abundant supply of ore, but did not attempt to enter into competition with private industry in violation of our free enterprise traditions.

The development of zirconium seems an apt answer to those who predict that our program will slacken because of insufficient raw materials.

I do not agree with this. In that tremendous area of the Outer Continental Shelf off the coasts of Louisiana and Texas, for example, our oil industry is pushing ahead with the development of great new oil resources to meet the needs of the future.

This development has been made possible by the opening of the area for drilling under legislation vigorously supported by this Administration.

Leases have already returned revenues of more than

\$250,000,000 to the government and it is estimated they will eventually bring returns of \$6,000,000,000.

One of the Department's most important responsibilities is administration of the National Parks.

In 1946 there were 21,000,000 visitors to the national parks. This past year visitors numbered 50,000,000. By 1966, we anticipate 80,000,000 visitors annually.

To keep pace with the national growth, the Department has embarked on a program known as Mission 66 under which the national parks are being expanded and improved and their staffs increased.

One of the first acts of this Administration was to reverse the 15-year cycle of neglect of our parks which had its beginnings in World War II and continued through the Korean hostilities.

In January, 1953, the National Park Service was operating under a fiscal year budget of about \$33,000,000. For the current fiscal year the park budget is \$45,000,000, an increase of almost 40 per cent.

This additional money has made it possible for us to improve access roads to the parks and to build new ones, and to staff the parks adequately. Concessionaires in the parks are improving and expanding their facilities, too, to provide greater comforts and pleasures for the millions of visitors.

This is money well spent, for these millions of acres of wilderness are a national treasure.

They will be jealously guarded as long as I am Secretary of the Interior.

And so will be our fish and wildlife resources. We are continuing to provide new refuge areas for our wildlife. We have established eight new refuges and three more are in the process of being established. In the past year, we spent \$645,000 of Duck Stamp funds in the acquisition of refuge land, the largest expenditure of this fund for refuges since 1945.

Conservationists have been concerned over rumors of a giveaway of wildlife refuges and a land grab of these areas by the military.

Such rumors are absolutely false. Not one acre of wildlife refuge area under the primary jurisdiction of the Department's Fish and Wildlife Service has been transferred to the military since I have been Secretary of the Interior.

Our Fish and Wildlife Service is also devoted to improving our commercial fisheries by developing increased yields and new sources of supply from the seas around us. This is a matter of importance to us all. Experts estimate that by 1965 our population growth will demand that we draw from the sea ten per cent more fish and shellfish than we do now if we are to meet nutritional requirements.

In my summation of our natural resources I have saved for last the most precious of all—our children.

Within the Department is the Bureau of Indian Affairs which is responsible for the welfare of 400,000 of the Indian population of the United States.

After the Eisenhower Administration took office, we discovered that 14,000 of the 28,000 children of school age on the Navajo reservation had never attended school. Why? There were not enough classrooms, not enough teachers. I was shocked at this situation. So were the members of Congress when we laid the problem before them.

This year, for the first time, there were enough classrooms and teachers to accommodate all the Navajo children.

Planning a \$300,000,000 dam in the Pacific Northwest and guaranteeing education for a Navajo child are distinctly different problems.

But they were our problems in 1955—and we solved them. This coming year will bring new problems. We will solve them, too.

END

FARMERS CAN PROSPER AND BE FREE

BY EZRA TAFT BENSON
Secretary of Agriculture

THE PEOPLE of agriculture face a fateful year of decision.

I am confident that they will emerge from it renewed in their faith in the future of their industry, reimbued with a determination to carry on as free men, and rededicated to the principles of economic democracy.

This year the people of agriculture will be tempted to disregard their own sound instincts. They will be promised an easy way out of their difficulties.

In a national election year all efforts will be made to divert the attention of farmers from fundamentals. Some of them will be led to believe that a political good fairy will wave a wand and all vexations and anxieties will disappear.

True friends of agriculture during the months ahead must be prepared to meet, with as much calm as they can muster, all kinds of spellbinding arguments which run counter to economic truth.

I have abundant reason to believe that the farmer is too sound a thinker to be diverted from his inborn determination to remain free of the bonds which would be certain to fetter him if he accepts some of the easy solutions which will be offered. The average farmer sifts facts as the combine sifts grain from chaff.

I am confident he will look back upon 1955 as the year in which significant gains were made toward stability. We can forecast further gains in 1956 on the basis of 1955 accomplishments.

Progress was made toward a balance of production and consumption, though 1955 production was an all-time record. In other words, but for the presence of surpluses accumulated in the past, farm output and market needs would almost have coincided.

Enlargement of exports and greater consumption at

home combined to brighten the picture. Intensive efforts by the Department of Agriculture to move surpluses—to lighten their weight on the farm economy—began to pay off in an encouraging manner.

Exports in fiscal 1955 totaled \$3,100,000,000 as compared to \$2,900,000,000 the year before. The gain was 11 per cent over 1952-53.

Government programs had much to do with the build-up in exports. There were exports at competitive prices, sales for foreign currencies, barter arrangements, grants to foreign countries for emergency famine relief, and donations to welfare organizations for overseas distribution to the needy.

Total farm surplus disposal in 1955 added up to \$2,115,000,000, compared with \$1,424,000,000 in 1954 and \$520,000,000 in 1953.

Reductions in the carryover were especially beneficial to dairying, where improvement was one of the brighter spots of 1955. Rising consumption of dairy products came with readjustment of support prices on butter and fluid milk, an action taken a year earlier.

The dairy industry at one time stood in the shadow of 466,000,000 pounds of butter held in government storage. These holdings were reduced to 110,000,000 pounds. Stocks of surplus cheese were reduced from 436,000,000 pounds to 279,000,000 pounds, and stocks of non-fat dry milk solids were reduced from 599,000,000 pounds to a manageable 27,000,000 pounds.

These were gains made for agriculture under the program which will be violently assailed during the approaching political campaign. The whole program was designed to bring about stability and the progress made toward stability in the dairy industry shows that we are on the right course.

Another example of the effectiveness of the program



BENSON *continued*

came when the government's accumulation of cottonseed oil—totaling at one time 1,186,000,000 pounds—was moved into use. All the protein meal owned by the government was sold.

Although farm income declined further, no economic debacle occurred, as had been freely predicted in some quarters. Efforts to draw a parallel between farm conditions of the late 1920's, the 1930's and the years immediately preceding World War II failed utterly.

Running counter to the prophets of an agricultural debacle was the trend in farm real estate value, which returned to the record peak reached in 1952. The value of all farm assets stood at \$163,000,000,000, only \$3,000,000,000 under the all-time peak.

Here was evidence that faith in the future of agriculture continued to run strong through 1955 despite the fact that farmers were caught in a squeeze brought

about by lower commodity prices and high operating costs.

Costs of trucks, tractors and other equipment went up following a series of factory wage increases and other higher production costs. Even so, farmers bought 20 per cent more machinery in 1955 than in 1954.

However, I felt compelled to warn equipment manufacturers and their workers that farmers cannot long continue to absorb higher costs brought about by wage increases and other causes. Farmers cannot pass along such advances in their operating expenses to consumers.

We demonstrated willingness and ability to cope with an emergency—and stave off panic—when record-breaking hog runs swamped markets last fall. We moved in to buy pork and lard.

This was a demonstration that the Department of Agriculture is in close touch with farm and market

developments and alert at all times to move in when governmental action can be practical and helpful.

It was charged in some quarters—and the charge will be repeated in coming months—that all help to farmers had been withdrawn with the introduction of flexible supports.

The fact is that the Administration fully realizes the change-over to peacetime conditions is still running its course and that money will still have to be spent to stabilize commodity prices. Thus in 1955 programs for stabilizing farm prices and income cost \$1,300,000,000 as compared with \$963,000,000 in 1954.

We will ask Congress to strengthen and broaden the farm program particularly as it relates to the welfare of family type operations.

The program proved sound and efficient so far as we were able to implement it in 1955 and the limited trial run was most encouraging.

We will continue to adhere to the principle that production should be for use rather than storage. We will remain steadfast in our conviction that unwanted food and fiber hoards are a drain on the taxpayer and a threat to the farmer's opportunity to obtain a fair portion of the prosperity being enjoyed all around him.

In the din and distractions of an election year we shall push forward the six-point program laid down by President Eisenhower when he decreed that his Administration would not go back to yesterday for the answer to agriculture's problems of 1956.

The President gave the go-ahead to these sound objectives:

1. Stepped-up programs of surplus disposal and expansion of exports.
2. Vigorous purchase programs to remove market gluts and help farmers adjust to market demands, as has been done for beef, pork, cherries, prunes, potatoes and sweet potatoes.
3. An enlarged program of soil conservation and incentive payments to divert cropland into grass, trees and forage.
4. An expanded Rural Development Program for low-income farm families.
5. Stepped-up program of research emphasizing lower costs of production, new uses, new crops, and expansion of markets.
6. An active forward push to the Great Plains Program in cooperation with the ten states involved.

We have already moved forward on several of these fronts and will continue to advance in 1956 toward our over-all objective—a fair return to the farmer for his work and his investment.

Although exports were expanded in 1955, perhaps not all outlets have been exploited. Here we will again encounter the ticklish export aspirations of our friends abroad but we intend to expand our trade in agricultural products through direct sales, barter and donations through welfare channels.

Under Point 2 we will act as we did in the hog crisis if such an emergency should again arise. We are not unmindful that the people of agriculture will continue to need help from time to time in making adjustments to market demands, even though a growing population is constantly widening the market for more and higher quality food.

I hope that the advantages the nation could derive under Point 3—calling for an enlarged program of soil conservation—will not be lost in political debate.

Some, in the expectation of political gain, would convert this phase of the program into a grandiose giveaway of public funds. They would use it simply to channel easy money to the people of RFD with no thought to the future gain of farmers and all other Americans.

This program holds great promise if wisely conceived and carried out with the view to spending money today which will make agriculture and the nation stronger in generations to come.

We are devoting much thought and planning to this point in the program and will have appropriate recommendations on the subject for Congress. We are studying the advantages and the drawbacks we would expect to encounter in helping farmers make needed changes in their cropping programs.

We will renew our recommendation to Congress that the Rural Development Program be expanded. President Eisenhower has said: "We should open wider the doors of opportunity to those 1,500,000 farm families with incomes under \$1,000."

Some of these rural people, to be competitive in this mechanized age, need special skills and financial aids which might not be available from nongovernmental sources. Investment in them would be another investment in the future of our country.

Research, which has a significant place in the program, has already paid off handsomely in agriculture and its future potential is limitless. The farmer through it will be enabled to find new uses for present crops, crops unknown today, expanded markets and lower production costs.

Squeezed by higher costs of labor, of machinery, building materials, fertilizers, insecticides, taxes and other overhead, the farmer must cut corners as never before to survive. Research in USDA laboratories and in the field will help in this vital sector.

We saw the rebirth of the dust bowl in recent years. Our Great Plains Program is designed to make the most efficient use of soil, water and plant growth to the end that drought's ravages can be abated. To overlook the problem today might mean impairment of the future usefulness of a vital national resource and multiply the difficulties of the 10,000,000 people who live on the Great Plains.

The Administration program, of which the six points listed above are an integral part, envisages an agriculture free of bondage—bondage to crushing surpluses and to governmental controls beyond those which farmers could reasonably expect of a progressive government.

We will continue to work for the betterment of agriculture's low income families, those left completely out when it came to distribution of the benefits of high, rigid supports. They need credit assistance but even more pressing is their need for greater technical know-how. Their children need to be trained in the skills of agriculture and industry so that whatever occupation they choose, they can be useful and self-sustaining.

In this year of decision for agriculture the people of RFD will be wooed by a return of 90 per cent of parity supports across the board, along with compensatory payments.

To give these programs a chance to work it would be necessary to invoke rigid controls.

There would have to be a dumping ground for commodities in excess of our domestic needs if there are to be compensatory payments along the lines of the two-price system suggested in some quarters.

Farmers would have the added burden of higher taxes. How much greater this burden would be on farmers and other Americans is not known.

Knowing farmers, I believe they will remain true to their sound, conservative instincts and will cast their future with a program based on stability of markets, freedom to manage their own affairs, and peace which will allow the people of this nation and the world to live as God intended.

END

New programs build service to business

BY SINCLAIR WEEKS
Secretary of Commerce

OUR JOB at the Commerce Department is primarily to help maintain an environment favorable to private initiative so that our economy will be a self-managed, self-supporting economy, and not a government-run economy.

We believe that the Department acts in the best interests of the American people as we do everything possible to champion, encourage and assist the American private business system. For—as the record of 1953-55 clearly proves—prosperous business increases the prosperity and well-being of everyone.

The Department's plans for 1956 include new programs, as well as further improvements and expansions in operations which are already our responsibility.

The greatest program in the history of the Weather Bureau will be carried forward to improve tornado and hurricane forecasting and warning, including enlarged professional staffs, more oceanic observations, improved communication facilities, additional storm-tracking radar and research to study behavior of hurricanes.

The Area Development Office, which assisted 240 communities this year to carry out local industrial improvement programs, is cooperating on Administration plans to make a frontal attack on areas with chronically distressed industries and regional unemployment. Development activities are to be coordinated. More technical assistance is to be made available. A loan program is planned for capital improvement expenditures on a sharing basis with states and municipalities. In a nutshell, the program is a move by the federal government to help communities to help themselves.

The Census Bureau will distribute facts gathered in the new Censuses of Business, Manufactures and Mineral Industries, providing data useful in marketing plans and business expansion programs. The Labor Force Report, whose employment and unemployment estimates are front page news each month, will be improved by enlarging the sample from 21,000 house-

holds in 230 areas to 35,000 households in 330 areas.

Preparations are being made by Department scientists for participation in the man-made satellite, the South Pole exploration and other Geophysical Year events.

The Civil Aeronautics Administration will allocate a record \$63,000,000 for its 1956 federal-aid airport program and strengthen air safety and efficiency by providing new electronic aids to navigation and landing.

The Maritime Administration's record peacetime shipbuilding program includes repair of a limited number of the moth-ball fleet; new ships built by private industry through federal subsidy; development of new designs and propulsion plans for new ships and adaptation to existing vessels, and plans for the atoms-for-peace ship recommended by the President.

The Bureau of Public Roads last year aided the states in constructing 23,000 miles of roads in the nearly \$2,000,000,000 two-year Federal Highway Program—up to now a record program. It is making ready for the President's great new National Highway Program, the most tremendous road improvement project in history.

Continuation of the current federal-state secondary and farm-to-market program, and completion of the giant Interstate Highway System will crisscross the country with marvelous new arteries—many of them limited access roads from two to eight lanes wide. This network will break traffic bottlenecks, curb accidents, provide Civil Defense evacuation routes, open new areas to industry, homes and recreation, and give millions of long-frustrated motorists a highway system adequate for modern needs and future growth.

The Commerce Department can be described as a sort of supermarket whose products are a great variety of facts, opinions, advice, technical facilities and services, which business can pick out and use to stimulate commercial activity, improve methods, create



jobs, expand sales and provide customers with new, better, cheaper goods.

During 1955 we added many new services and improved others. Take the case of economic reporting: In a self-managed economy, business decisions are not made by distant government dictators or bureaucrats. They are made by millions of independent executives of establishments of all sizes. If business leaders are to plan and act wisely, they require all the economic facts available, as accurately and as swiftly as possible. This year our Bureau of the Census is improving and speeding up its statistical services through a second Univac computer, plus new type electronic work-savers, shuttle forms, better management of field staffs and more extensive use of sampling.

Business often is confronted with problems which require special assists from government. For example: scarcity of metals. Manufacturers have been encouraged to come in and talk things over with us. As a result, in many cases government has thought it proper to postpone delivery to the stockpile of scarce metals and thus keep industry running.

In 1955 business and government together explored problems of trade, government competition, orderly disposal of government surpluses without injuring taxpayers or upsetting the market, and many more questions. Sometimes immediate executive action settled things; at other times legislation was recommended.

Regardless of the size of a group, each has a full opportunity to present its case. We help where we can,

provided action is in the best interest of the country.

Another duty is in representing the general business point of view in the Administration and before the Congress. This includes participation in antitrust studies, offering recommendations on legislation on trade, taxes, labor-management problems, transportation, etc., and employing other avenues of conveying business opinions and views.

Our direct services—you might say—cover the water front in all the various agencies of the Department charged by law to promote foreign and domestic commerce, science and technology, industry and transportation facilities.

Right now we are engaged in several record-breaking undertakings in the field of transportation. These include the biggest peacetime shipbuilding program, the largest airport construction program, the greatest highway program and the presentation to the Congress of far-reaching recommendations by the Presidential Advisory Committee to strengthen our common carrier system through competition and thereby bolster national security and make possible less expensive transportation for the public.

In 1955 we began the first government-industry participation in 24 international trade fairs. These had three standard features: 1, Government-industry central exhibits, emphasizing American free enterprise as a force for prosperity, good will and peace. 2, More extensive display of American-made products by private companies. 3, Trade development teams, comprising private businessmen and Department experts, answering questions and offering information and other trade services.

I personally visited several of these fairs in Europe and was greatly impressed by their effectiveness in developing foreign commerce and friendship for America. In 1956 we expect to do an even better job by preparing further in advance for each fair and thus improving the character of our exhibits. In the same general context the Bureau of Foreign Commerce has improved the scope and quality of its trade publications and we have established divisions on overseas investment and tourism as additional stimulants to world trade.

At the National Bureau of Standards, opening ceremonies were held for its new Gamma-Ray and Betatron laboratories. The former establishes standards of measurement for safe use of radium, cobalt-60 and other radioactive materials by industrial scientists, doctors and defense workers. The latter houses a 50,000,000 volt betatron and 180,000,000 volt synchrotron, which produce penetrating X rays. Bureau research enables industry, hospitals and the military to use like machines safely for treatment of deep-seated cancer, sterilization of packaged foods, nuclear physics research and other public services.

In other fields the 1955 Commerce program also includes: constructing final links in the Inter-American Highway system that encourages travel and creates another bond of friendship with our Latin-American neighbors; research on applying electronic techniques to patent search so that patents may be issued sooner; a big increase in examiners to reduce the log jam of patent applications; new know-how guides for small business; Office of Business Economics special analytical reports on business capital outlays, investment and sales anticipations, and other vital data for business planning.

The nation's first electronic weather brain was set up in Washington to increase the accuracy of daily forecasts. The Coast and Geodetic Survey cared for an unprecedented demand for 44,000,000 nautical and aeronautical charts, including new jet air navigator

charts. Commerce agencies also contributed emergency services in hurricane and flood areas.

The Department has one of the biggest responsibilities for national defense of any nonmilitary federal agency. The Business and Defense Services Administration, cooperating with the Office of Defense Mobilization and private industry, plans protection of people and plants, keeps the defense materials system up to date, plays a role in stockpiling, dispersal, standby machine tools, continuity of production. Obviously, very important national security duties also are lodged with the Bureau of Public Roads, Maritime Administration, Civil Aeronautics Administration, National Bureau of Standards and Coast and Geodetic Survey.

The Weather Bureau, cooperating with the federal Civil Defense Administration, initiated a program to provide atomic fall-out data. The Office of Strategic Information was established to explore ways of handling information of strategic importance to a hostile power without jeopardizing a free press and to expand the exchange of technical and scientific data with the Soviet bloc so as to obtain information of value to the United States.

As I have pointed out, the main business of the Commerce Department is to promote business—all sizes of business. But one of the great values of our private competitive enterprise system is that it is a huge reservoir of brilliant talent which today is being tapped by the federal government. The Department helps business in solving problems. But business, in turn, also helps government do a better job for the public.

Service and advice helpful to the entire nation have been received from the Business Advisory Council, Transportation Council, National Distribution Council, industry conferences, chambers of commerce cooperating with our field offices and the special advisory committees whose recommendations are being considered in improving operations of the Census Bureau, Weather Bureau, and National Bureau of Standards. Vital public service has been rendered by executives loaned from private industry (WOC's) serving without compensation.

These able, patriotic businessmen—as committees or as individuals—are giving their experience and skill in the industrial mobilization to advance peace and thereby protect our country from the wreckage and horror of H-bomb attack.

They are advising on ways to promote a widely shared prosperity and to protect our nation from both inflation and depression.

An attempt has been made in certain circles to create public mistrust of business in general and to blacken the reputation of honorable businessmen serving the government. But everyone familiar with their work is proud of their unselfish public service in helping the nation advance prosperity and peace.

To sum up: While the chief business of the Department is direct service to business, the stimulating effects of Commerce programs are felt all through the economy and in the daily lives of everyone.

Copper to relieve scarcities means jobs in metal fabricating and industries. Trade fairs in far-off Asia mean job security for American workers manufacturing goods for export. Research on hurricanes means finding better ways to protect the public from future loss of life and property. Great new ships, airports and highways mean better, safer transportation for everyone.

These Department accomplishments and plans are part of the Eisenhower Administration program for the peace, prosperity and well-being of all the American people.

END



The workers' future is secure

BY JAMES P. MITCHELL
Secretary of Labor

DURING the last three years, the economic and social well-being of American working men and women has risen to heights never before reached in the history of our country.

Today, American wage earners have more jobs, earn more money and enjoy more security than ever before. They are both the prime movers and the chief beneficiaries of a vibrant system of free enterprise which is constantly feeding new nourishment into the channels of our economy.

When I say "American working men and women," I mean every job holder in the business and industrial

community. I refer to the unorganized as well as the organized worker. I refer to the nation's total labor force.

In today's economy, the basic interests of the wage earner and the basic interests of the businessman are similar.

Both depend on a healthy and expanding economy and on a constant rise in investment and purchasing power. Both are adversely affected when inflation robs the dollar of its real value.

I do not mean to imply that the nation's wage earners do not have special problems which demand special attention. They do. That is why we have a Department of Labor.

But, in analyzing the advances made by American wage earners during the past three years, it is necessary that we examine not only those programs which were put forth specifically on their behalf, but also programs which were designed to strengthen the economy as a whole.

Before the Eisenhower Administration took office, the economy was being distorted by a prolonged period of inflation. Excessive government controls were hampering the efforts of individual Americans to better themselves. The seemingly endless rise in the cost of living was causing frustration. High taxes were discouraging investors. The economy was being manipulated to fit the shape of past emergencies when it should have been allowed to reach freely for its rightful future.

The country's wage earners, along with all Americans, suffered from these developments. The dollar in 13 years had lost nearly 50 per cent of its purchasing power, robbing them of the real value of their wages, their savings and their insurance policies. Those who had to depend on social security, workmen's compensation and unemployment insurance soon realized that the benefits they were receiving fell far short of meeting their needs. Inflation, a form of economic drowsy, had taken its toll.

The action taken by the government to check this disease and, by so doing, to restore confidence in the free enterprise system, was swift and to the point. It took a lot of courage, back in 1953, to remove the government controls which were then strangling the economy. Many well known and well respected men told the people that government controls were necessary to avoid a major recession. The people were apprehensive. They didn't want to suffer through another great depression. However, this government decided to give the free enterprise system a chance. After sound deliberation and despite some cries of disaster, wage and price controls were removed.

The cries gradually faded away. It wasn't long before the critics realized that the country was not, to borrow a phrase coined by Will Rogers, "going to the poorhouse in an automobile." Rather, they found that the opposite was true. Prices, after being set free, found their own level and remained stable for the first time in 13 years.

In 1954, the economy was given a boost when Congress voted the people of the United States a record \$7,400,000,000 tax cut. This, coupled with rising wages and stable prices, increased purchasing power tremendously.

These two actions, together with decreased government spending and the initiation of fiscal policies designed to encourage the initiative and ingenuity of the American people, released the pent-up dynamics of the free enterprise system, causing our economy to expand at a phenomenal rate.

No segment of the American population benefited more from these policies than the wage earners.

- More than 65,000,000 Americans (October figures—latest available) have jobs today.
- Unemployment is down to 2,100,000 (Oct.).
- Wages are at their highest level in history. The average worker in industry makes \$1.91 an hour, or \$78.69 a week (Oct.).
- Prices have remained virtually stable for more than two years, aiding record high purchasing power.
- Income is at record levels. Per capita disposable personal income was \$1,642 in the third quarter of 1955, or five per cent greater than in the same quarter a year ago.

Thus, under the Eisenhower Administration, working men and women are enjoying the unprecedented combination of higher wages, lower taxes and a stable cost of living.

The future of our nation depends to a great extent on the economic security of its individual citizens. Realizing this, President Eisenhower advocated many improvements in our social legislation. At the time the President took office, benefits under social security, unemployment insurance and other income insurance legislation, were falling far short of meeting the needs of the beneficiaries. The national minimum wage, under the Fair Labor Standards Act, was unrealistic in the light of the current cost of living. It was absolutely necessary that these laws be brought up to date.

However, it is significant to note that the President did not abandon the traditional federal-state relationship in trying to improve these programs. Rather, he clarified and strengthened that relationship and urged the states to fulfill their responsibilities. At the same time, he pressed for immediate improvement of those laws which were the responsibility of the federal government. These are the results:

1. Changes made in the unemployment insurance law will bring an additional 4,000,000 people unemployment insurance protection as of Jan. 1, 1956.
2. The national minimum wage will be \$1 an hour as of March 1, 1956.
3. The social security program has been extended to cover 10,000,000 additional persons, and benefits have been raised for 6,000,000 now eligible and receiving benefits.
4. Federal assistance programs to communities were authorized for slum clearance and low cost public housing.

At present the government is sponsoring legislation to amend the Taft-Hartley law, extend the coverage of the Fair Labor Standards Act; provide grants-in-aid to the states to promote industrial safety; improve the so-called "Eight Hours Laws" relating to work on government construction jobs; increase benefits under the Longshoremen's and Harbor Workers' Act; and improve the District of Columbia unemployment compensation program.

All of these recommendations, designed to increase the welfare and security of America's working men and women, have already been submitted to Congress for consideration.

The Department of Labor increased its activities in helping the states improve their labor standards legislation. In December of 1954, I wrote letters to each of the state governors, urging them to improve their labor laws. These pleas did not fall on deaf ears.

- Forty-two states improved their workmen's compensation laws.
- Thirty-two states increased their maximum unemployment compensation benefits.
- Improvements of industrial safety laws were enacted in six states and one territory.
- Minimum wage bills were enacted in three states not previously having such laws.

► Eighteen states enacted laws of special interest to women.

The Department of Labor has also completed a draft of a model workmen's compensation law which is now being reviewed by experts in the field. When this model law is completed, it will be offered to the states for use in further improving their workmen's compensation programs.

As a result of these programs and policies, both economic and social, the worker's home is secure. He has more money than ever before to buy what he needs for himself and his family. Equally important, he has the assurance that if by chance he loses his income, he will be strengthened and assisted by a continually improving program of social security and income insurance.

These are not the only fronts, however, along which the wage earner advanced during the past three years.

A reorganized Labor Department has been functioning at maximum efficiency. As a result, it has been able to increase its enforcement of labor standards legislation. For example, last year the Department initiated a total of 349 actions enforcing labor standards laws on government contracts. This figure is equal to the total enforcement of 375 cases initiated in this area in the three previous years.

In the future, thousands of working men and women

will benefit from Labor Department programs, already in effect, designed to help workers who have special problems. These include: a program to break down job barriers erected against older job seekers; a program to improve the skills of the work force; and a program to determine the characteristics of the unemployed.

Partly because of our policy of maintaining an impartial attitude in labor-management affairs, there has been increased harmony on the labor front. During each of the past three years the time loss due to stoppages, both in actual days and as a percentage of the total man-days worked, was lower than in any postwar year except 1951 during the Korean emergency control.

Underlying all these improvements is the realization by the Eisenhower Administration that the interests of the nation's wage earners cannot be separated from the interests of the public in general. All of us depend on an economy which is constantly expanding, providing new jobs for an ever-growing population.

The man on the street looks confidently ahead to a bright future. He is not timid. He is not afraid to experiment, invest and purchase the products of our amazing industry. The entire nation is confident, and its confidence stems from a healthy, unfettered system of private enterprise based on the ingenuity, ambition and skills of its people.

END

STOP WANT AT THE SOURCE

BY MARION B. FOLSOM

Secretary of Health, Education, & Welfare

WE ARE trying to weave one pattern into all our programs for health, education and welfare. I think it is forward-looking and constructive. It is a pattern of helping to prevent or eliminate need, in addition to sound measures to meet human want after it has developed.

This means, for example, more research into the causes of cancer, mental illness, heart disease and other killers and cripples—in addition to improving care and treatment of those stricken.

It means a basic attack on the causes of poverty and family disasters which force individuals to depend on public assistance—and improving the administration of these grants.

It means research to anticipate future needs in edu-

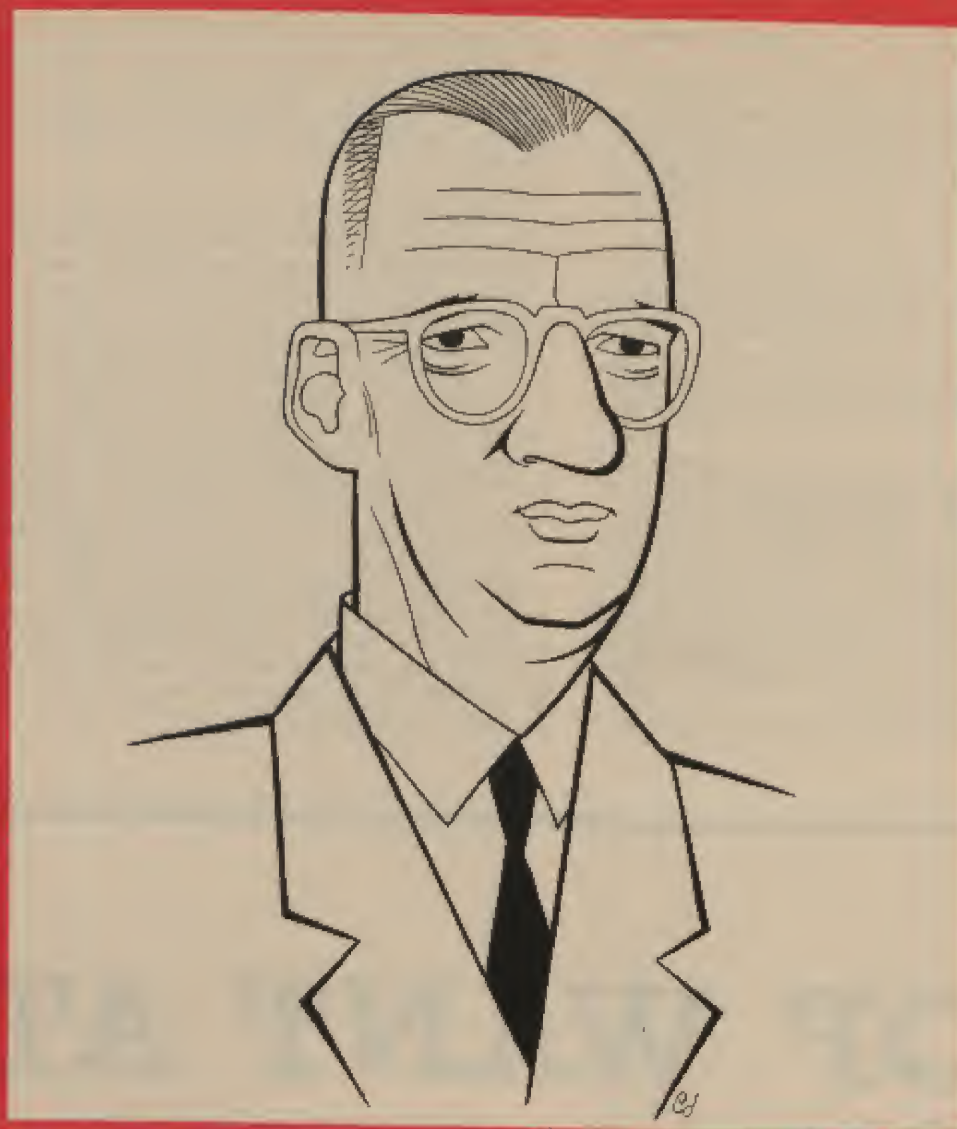
cation and head them off before they develop or become acute—as well as strong action against the grave current problems of education.

This pattern of prevention will not only save dollars for the government and for individuals in the long run, but, more important, it can spare untold human suffering and help millions of people to a richer and fuller life.

Visionary? I don't think so.

I am convinced many problems of individual and national welfare can be solved by imagination, hard and practical thinking, and a willingness to cope with them.

Here, for example, is the story of Joseph Unger and a nine-year-old girl we shall call Adele—just two cases



FOLSOM *continued*

among many thousands that illustrate the values of medical research.

Joseph Unger was 44 years old when he came from Arlington, Va., to the National Institutes of Health at nearby Bethesda, Md., one of the main research centers of the Department's Public Health Service. He had had epileptic seizures, as frequently as one every day, since the age of two. His life had been lived behind a door virtually closed to friendship, marriage, jobs and society in general.

His case was selected because scientists felt it could contribute to research. New laboratory techniques offered some hope of solving the secret of his disease. At the NIH Clinical Center, an operation was performed in which damaged tissues were removed from his brain. Joseph Unger now has a job, friends, a warm smile and a happy life.

But his story doesn't end there. The minute those segments of brain tissue were removed, scientists used them for new laboratory tests. These revealed new facts about chemical defects in brain tissue that cause epilepsy. Further research developed drugs that give hope of curing these defects and thus curing some types of epilepsy in which all other treatments have failed. One of these drugs is asparagine.

The girl called Adele was averaging at least ten severe attacks of epilepsy each day. She was one of a few patients selected for a trial of asparagine. Only six months later she was able to enter school. She was bright and alert, playing with her brothers, sisters and friends; she was very happy.

Much more research is still needed before epilepsy is fully conquered, but these examples are typical of medical research—one step added to another until pain and suffering are wiped out and life prolonged for many millions.

The rate of cancer cures, once 15 per cent, is now 50 per cent. The rate of paralytic polio among children receiving the Salk vaccine has been cut about 75 per cent. A single project, which cost about \$51,000, now prevents blindness in about 1,000 newborn children every year.

In the past ten years the death rate from influenza has been reduced 90 per cent, tuberculosis 75 per cent, and acute rheumatic fever 73 per cent.

This is the kind of research the government and others should expand and strengthen. Few expenditures pay such rich human and economic dividends. No one can calculate the millions of lives that can be spared or rebuilt through scientific research, or the

contribution these lives can make to the economic and social advancement of the nation.

Research, vital as it is, is only a first step. The results of research must be applied as rapidly as possible in the interest of better health for the people. They must be applied in physician's offices, in hospitals, in clinics, and in public health agencies.

The Public Health Service in our Department, among many other activities, is working to speed and improve use of the fruits of research wherever they will help prevent disability and promote well-being.

In the welfare field, too, I think the wise approach is to encourage preventive measures. We should emphasize those welfare services which help the person already receiving public assistance to rebuild his life toward independence.

In today's complex society no doubt there will always be some who will need help to meet their basic human needs. State, local, private and federal agencies should provide such help where it is necessary—effectively, efficiently and equitably, with warm consideration for the individual.

Many of our public welfare programs were started in an atmosphere of crisis, with millions unemployed and in acute need. Understandably and rightfully, prime emphasis had to be placed on relieving immediate needs. But today, in a period of prosperity, we need to attack the causes of individual want.

May we expect practical progress toward this goal? The record of those who have tried it says yes.

In Allegheny County, Pa., for example, welfare workers concentrated on 285 families who had received public assistance continuously or intermittently for as long as ten years. After 11 months, 147 members of these families were self-supporting, and 169 persons no longer required as much public assistance.

One supervisor and four trained case workers, whose salaries totaled about \$16,000, achieved a reduction in public assistance expenditures of \$27,960 during the 11 months. Future savings will be much greater—but the biggest gain is in the dignity, satisfaction and happiness of those who were helped to a fuller life.

In Hamilton, N. J., a coordinated community program was reported recently to have reduced juvenile delinquency cases by 80 per cent.

Some communities have reported good progress by concentrating services on only about six per cent of their welfare families—the few families which absorbed 70 to 88 per cent of their relief load.

We need more research into these and other techniques which reduce welfare needs. We need more trained workers to use these techniques and help restore individuals to useful and happier lives.

We need also to strengthen the public and private programs—the efforts of workers and employers—to protect people against falling into economic distress in the first place.

Upon recommendations by President Eisenhower, Congress in 1954 expanded coverage and increased benefits under Old Age and Survivors Insurance, one of the nation's strongest bulwarks against human need. Nine out of ten workers can expect benefit payments when they retire; the widow and young children will receive them if the worker dies. Eight million persons already draw monthly payments. This program, building a foundation of economic protection for so many people, helps many individuals provide for themselves when otherwise they might be forced to turn to public welfare agencies. The number of aged persons on public assistance already is declining, and still further reductions are expected.

Another prime example of the preventive approach is the state-federal program of vocational rehabilita-

tion in which a five-year expansion effort is now under way. The number of disabled persons helped to useful and independent lives has increased from 56,000 in fiscal year 1954 to 58,000 in fiscal year 1955. This reversed a three-year downtrend and starts us upward toward a goal of 200,000 rehabilitations annually.

About 2,000,000 disabled persons still need vocational rehabilitation. As we reduce their number, the humanitarian and economic benefits will be great.

Can preventive techniques be applied to the grave problems facing education?

I think they can, with great benefit. And that is what we are planning to do in our Office of Education.

We are planning an expanded educational research program to bring light to unanswered questions that have handicapped educational progress for years. We hope at the same time to make great improvements in educational statistics. These programs should enable us to specify more definitely just what and where the problems are, and where future problems are beginning to develop, so the nation as a whole may move with surer knowledge to solve them.

For several years now, a new classroom of children has reached school age every ten minutes, day and night, seven days a week. And this process will continue for years to come. Each new class needs a teacher and a room. This growth, coupled with an accumulation of needs from past years, has created critical shortages of school facilities.

Hundreds of thousands of citizens with many differing viewpoints met last year in more than 4,000 local and state conferences to take stock of these school problems. All this activity culminated in the first White House Conference on Education in American history. More citizens have become better informed and more concerned about the nation's educational system than ever before. This public interest is education's most priceless asset. The whole conference program, I think, reflects President Eisenhower's firm faith and trust in the American people. We believe the people—given the facts—will reach wise conclusions.

This Administration is developing a broadened and improved program of federal assistance to help erase the classroom deficit. We believe this assistance, while benefiting all states, should be distributed according to need. And we believe strongly that local and state governments not only should continue recent increases in their support for schools—but their efforts must be further increased.

We now hope for strong, cooperative action by all concerned to improve the education of our children.

Although our department is only indirectly involved in economic policy, I think we must recognize the crucial importance of an ever-expanding economy in all fields. This Administration has helped create an economic climate that fosters individual initiative and incentive, that creates more and better jobs. Stable prices have helped protect the family budget and preserve the value of our savings.

I have great faith in human progress throughout the fields of health, education and welfare. We must never be content with the past or present. We must attack our problems with willingness, imagination and hard thinking, to build a better nation and a more deeply satisfying life for the individual American. **END**

A reprint of this month's special "Election Year Report" may be obtained from the Business Manager, Nation's Business, 1615 H St., N. W., Washington 6, D. C. Price of 20 cents each covers cost of production and mailing.



U.S. PRESTIGE AT STAKE IN CAMPAIGN

SELDOM in history has so much depended on one nation, one government and one man—the American President.

Much of the current talk on the coming campaign assumes it is nothing more than a colorful, irrational, ruthless game for rival sets of maneuvering politicians, and that demagogues, pressure groups and string pullers can wage their contests about as in 1880 or 1900.

That is not the way the contest will be viewed from London, Paris and Berlin. That is not the way it will be regarded by our best leaders on both sides. Never was a sense of responsibility more needed by the American people.

The position of the United States as the chief pillar of freedom in the world has resulted in complicated and massive commitments which demand the most anxious care. The problem today is to preserve our unity at home and our prestige abroad no matter which party elects the next President. A bitter party struggle, a convulsion, could have the most disastrous consequences.

A campaign which, for partisan ends, would spread confusion at home and mistrust abroad is a luxury the United States can no longer afford. Nor can we afford a battle that would so shake confidence in our high-g geared economic machine as to threaten a recession. The Eisenhower-Stevenson campaign of 1952 had the supreme merit of producing no schisms, and the use Mr. Eisenhower made of his victory harmonized and united the nation.

At the same time, the country needs all the long-range benefits of hardhitting debate on real issues. We want no Donnybrook, but neither do we want to see parties shadow boxing.

This year, as in 1952, we have no prospect of turbulence or of a demand for far-reaching social changes. Agreement between the two parties seldom has covered so large an area. In domestic matters the country has a sense of stability. This springs less from our general prosperity than from a conviction that our social and economic structure, with all its faults, is serviceable, is growing better, and requires no radical alteration.

We hear no angry outcries from have-not groups. Significantly, our third parties, those familiar safety valves, have almost disappeared. As for foreign affairs, our country still faces the familiar world stalemate, the

age of danger, which no effort by Presidents Truman or Eisenhower, or by Secretaries Marshall, Acheson, or Dulles, has been able to soften. Giving thanks that it is no worse than a stalemate, we have to cling to the policies it imposes. We have no escape.

Altogether, we can say that our problems at home offer too few terrors to inspire fierce partisanship, while abroad they are so terrific that they almost obliterate party lines. It is, then, even more important that we debate honestly what is to be debated.

On the American scene, as a matter of fact, not only parties, but the forces which underlie parties, have been moving closer together. The left, to use a rather cloudy term, has tended strongly toward the right. The right simultaneously has been tending leftward. We have a Republican President whom the Democrats would gladly have nominated, and who carried Texas; a Republican Secretary of State who served under Democrats from 1944 when he went to Washington to give a bipartisan character to the United Nations Charter; and various Republican Cabinet members who move in harmony with Democratic committee chairmen in Congress. Many of the old acerbities of national life have been lost in the cold war.

What, actually, are the elemental differences between the two parties? President Eisenhower has stood for "dynamic conservatism," which some find too dynamic, and others find too conservative. The Democrats cherish that talisman which won five elections, the New Deal principles. Translated into basic theory, the differences appear to be three:

First, although both parties believe in a steady expansion of the economy, most Democrats wish to effect it by increasing consumer buying power—by higher wages, more employment, and larger government guarantees even at the cost of a little inflation. Most Republicans prefer to effect it by promoting capital investment—by larger profits and savings.

Second, the parties take a somewhat different attitude toward the socio-economic reforms of the past 25 years. Both favor retaining and expanding them. But the Democrats, in dealing with social security, minimum wages, unemployment insurance, and the like, and in helping provide more schools, roads, hospitals, and housing, would pay no close attention to budget



JOE COVELLO-BLACK STAR

BY DR. ALLAN NEVINS,
*professor of American History at
 Columbia University*

balancing and debt reduction. They would rely heavily on federal action. The Republicans would emphasize budgetary caution, tax or debt reduction, and sound fiscal management, while they would throw more of the burden on states and municipalities.

Finally, in meeting the demands of labor and the farmers, the Republicans would act with an eye to long-term results, while the Democrats would move quickly and directly.

These are differences of philosophy. Thus far they have not been translated into dramatic conflicts on specific matters. One curious phenomenon of our times is the way in which issues which seem to promise a frontal clash of opinion either divide both parties, or recede into the background of discussion. On the tariff issue, so long a historic party battleground, the Republican Administration marshaled its forces in alliance with congressional Democrats to carry the three-year extension of the Reciprocal Trade Act.

The question of amending the Taft-Hartley law, which for a time seemed likely to blaze into a national conflagration, is now barely smoldering. The measure which some Republicans regard as the most important domestic legislation of the past decade, Treasury Secretary Humphrey's tax law, left no sharp differences in its wake. Now that Congress meets under the excitements of the imminent political battle, however, other internal questions will be taken up with vigor.

One reason why they will be taken up is that some kind of issues, real or pretended, are a political neces-

sity. No battle of words can be fought without them.

Another reason is that since President Eisenhower's renomination has become uncertain, both the internal divisions of the Republicans and the ardor of the Democrats have been accentuated. It was natural that Mr. Eisenhower's popularity should throw questions of policy into the background. What was the use of quarreling about national problems when his personal appeal would sweep him into office anyway? Within his own party the President was in a position to dictate terms, and to demand that, if he ran again, it should purge itself of those who had opposed his program. Now all this is changed.

Naked fighting, over issues as well as personalities, already has begun between Republican factions in certain states, and will continue until the convention. If that convention names an alternative to Mr. Eisenhower, the Democrats will deliver attacks on him and his policies they would never have dared loose against the President.

Within limits, this prospect of a debate upon important national problems is refreshing. So long as passionate and vindictive struggles which would loosen the bonds of national unity or confuse and depress western Europe are avoided, really honest debate can improve the chances of statesmanlike action. But it will have to be honest debate because most of the half dozen main questions before the country are specially adapted to cheap evasions and dust throwing.

►The farm problem offers great temptation for a display of opportunism, and wide scope for statesmanlike exploration. On one side are the stubborn facts of chronic overproduction of basic crops, a federal investment of more than \$7,000,000,000 in crop storage and price supports, and a record loss of nearly \$800,000,000 by the Commodity Credit Corporation on crop loans, purchases and payments to farmers in the past fiscal year. On the other side is a 27 per cent decline in farm income from the fall of 1951 to the fall of 1955, and real suffering among many owners of family-size farms.

Agriculture Secretary Benson's course has unquestionably been courageous. He and the Administration have tried to induce the farmers to dispense with high rigid price supports; have carried and used congressional legislation to that end. They have restricted cotton and wheat acreage. They have tried simultaneously to make the situation more flexible by granting farmers a free hand to grow what they like on land thus set aside. They have attempted to sell farm surpluses abroad.

All this amounts to a thoughtful program. The fact of falling farm prices, a world-wide fact, offers no indictment of its merits. This drop, which to date is about equally divided between the Truman and Eisenhower Administrations, began under the high rigid supports. The advocacy of a reversion to the old regime, offered with alacrity by New York Gov. Averell Harriman and more hesitantly by Mr. Stevenson, appears too hasty to be impressive, because the discarded system had flagrant faults. But we cannot ignore the facts that the country has many edge-of-subsistence farmers even in the Middle West, and that their distress is a danger signal.

Nor are we without other possible courses. The federal renting of more land (*Continued on page 54*)

HOW'S BUSINESS? today's

An authoritative report by the staff of The Chamber of Commerce of the United States

AGRICULTURE

The cost-price squeeze on farmers will continue through 1956, said officials of U.S. Department of Agriculture at the recent annual Agricultural Outlook Conference. Each fall the Department and State Extension Economists meet in Washington to discuss with the federal farm analysts prospects for the year ahead.

Realized net farm income will decline further in 1956, the economists say, but the drop is expected to be less than the ten per cent reduction from 1954 to 1955. They base their conclusions on the prospects of continued high production levels and carryover stocks, little change in farm costs and a strong but relatively stable consumer demand for farm products.

Average prices received by farmers in 1956, they say, will be not much different from the lows reached recently. Livestock prices are expected to average about the same while prices for the major crops may decline some.

If the prospects for slightly lower production expenses materialize in 1956, it will be due almost entirely to the lower prices for feed and other farm-produced items. The cost of nonfarm items may increase.

CONSTRUCTION

Public construction this year is likely to increase ten per cent over 1955, although declines are expected in hospital building and in federal industrial building due to completion of the atomic energy program.

Pressing requirements for highways, schools, sewer and water facilities will account for three fourths of the rise. Construction of each of these may hit a new record.

Highways may reach \$4,600,000,000, an increase of \$500,000,000. This is only half the estimated an-

nual requirements during the next decade. The ten per cent increase in public school construction to a record \$2,700,000,000 will fall short of some estimates of requirements. Needs for sewer and water facilities are \$2,500,000,000 a year for ten years—double the \$1,200,000,000 anticipated for 1956.

Military facilities, conservation and development work, and a substantial increase in state and locally owned enterprises will contribute to a new record.

CREDIT & FINANCE

Firm interest rates, under the pressure of Federal Reserve action, are reported to be putting a squeeze on public housing. Cancellation or postponement of some projected issues by the Public Housing Commissioner was widely attributed to the high rates prevailing for short-term money at a time when the local housing authorities were not ready for permanent financing.

At almost the same time, however, the Federal Reserve announced that credit extended to real estate mortgage lenders by member banks, as of Nov. 16, 1955, was more than \$200,000,000 greater than in August, and three times the August, 1954, level. Commitments to extend additional credit were only slightly below the August, 1955, level.

While low rate money available for public housing is apparently short, it is equally apparent there is no real shortage of funds available at market interest rates for private housing. The vexing problem of subsidization of publicly conceived projects through private channels remains unsolved.

DISTRIBUTION

Businessmen engaged in retailing, wholesaling and service enter 1956

with confidence. They expect a higher total volume of sales than in 1955 when high personal incomes and increased use of consumer credit pushed sales to new peaks.

Although consumer credit may be a somewhat milder stimulant than last year it is expected to be ample to sustain the 1955 level of sales.

Last year witnessed a growing conflict in merchandising practices—high turnover, low price vs. low turnover, high price selling. This conflict in philosophy livened the fair trade battle. This type of competition will continue strong in 1956. The fair trade issue will continue lively in the coming year.

Distributors must continue to seek ways of increasing efficiency and lowering costs. Retail and service businessmen should also be ready to oppose any efforts to extend coverage of the Fair Labor Standards Act to their fields in the next session of Congress.

FOREIGN TRADE

A sovereign country's right to expropriate or nationalize its industries is recognized. This applies whether these industries are domestically owned or whether they have been established with the aid of heavy foreign investments. In the case of such expropriation or nationalization, however, it has long been accepted that the owner is entitled to prompt, effective and adequate compensation.

Whether a country can claim one right without adequately recognizing the other has been a hard-fought issue before the United Nations in recent years. Many nations of Latin America, the Middle East and Asia have asserted the right for peoples freely to dispose of their natural wealth and resources.

The capital exporting nations, led by the U. S., occasionally joined by one of the more enlightened capital importing countries, have opposed this view.

Justified fears have been expressed that a United Nations resolution or other instrument asserting one right without, at the same time, recognizing the other, would do irreparable harm to the climate for foreign investments and might become the excuse for expropriation with no kind of compensation to the loser.

outlook

GOVERNMENT SPENDING

This is budget month for the federal government. The big question is not whether we will get a balanced budget but, rather, how much of a surplus there will be.

Revenues are so much ahead of expectations that a budget surplus is expected for 1956 when that fiscal year ends next June 30. This is apart from any savings achieved through further economies.

Assuming in 1957 revenues on the same basis, the surplus (and consequent room for tax reduction and debt retirement) will depend on the level of spending.

It is not likely that 1957 spending will be below 1956.

Price support for farm products is in for upward revision. Outgo for federal aid is likely to increase, particularly for highways and schools. Costs of defense and some other activities are creeping upward.

Spending admittedly could be cut, but cutting spending may make somebody unhappy. And in this election year, politicians will be unwilling to do that.

LABOR

Debate on labor legislation in the final term of the Eighty-fourth Congress may run hot and heavy. Washington experts, however, feel that because 1956 is an election year members of both parties will carefully examine proposals to amend the Taft-Hartley Act and other federal labor laws.

Among the issues that are likely to see spirited debate is Senator Douglas' bill to spend or lend \$200,000,000 in federal funds to provide employment in depressed areas. The Administration also is working on this subject. Another conflict is brewing over the proposals to broaden the Fair Labor Standards Act.

Labor's desire to sweep aside state authority for right-to-work laws will lead to an attempt to get Congress to remove Section 14b from the Taft-Hartley Act. Labor also wishes to enlarge the scope of the Walsh-Healey Public Contracts Act and the Davis-Bacon Act. The first covers wage and other regulations in plants performing government contracts. The latter deals with wage regulations in government contracts for



MORRISSEY

construction and repair of public buildings.

NATURAL RESOURCES

All industries using river water have an interest in the legislation before Congress to extend the Water Pollution Control Act of 1948. Primary responsibility for controlling pollution now rests with the states, but federal authority remains in the background if the states are unable to enforce their pollution laws.

Much progress has been made in abating pollution and millions of dollars have been spent, yet urban areas and industry have grown so rapidly that we are barely holding our own. It is important, therefore, that the Act be extended beyond June, 1956, its expiration date.

In the pending legislation, the Department of Health, Education, and Welfare had asked that the Surgeon General be authorized to set pollution standards at state boundaries on interstate streams. Industry objected, and this section was knocked out of the bill (S.890) before it passed the Senate last year. Now the bill is in a form acceptable to industry, the government, the states, and others. Early passage is indicated.

TAXATION

With a balanced budget for 1956 tax cuts become a prime political weapon. Without tax cuts the fiscal 1957 surplus would be nearly \$4,000,000,000. The cuts must fit in this range if deficit is to be avoided. Here is a look at some of the price tags.

To increase exemptions under the individual income tax from \$600 to \$700 would cost \$2,400,000,000 and relieve more than 7,000,000 taxpayers of the responsibility to pay taxes. An exemption of \$800 would cost \$4,500,000,000 and cut off 13,000,000

taxpayers. A \$1,000 exemption would cost more than \$7,000,000,000 and drop nearly 19,000,000 persons from the tax rolls.

A ten per cent flat cut would cost \$3,100,000,000; a five per cent cut about \$1,600,000,000.

A \$20 tax credit carries a tag of \$2,100,000,000 and drops 7,000,000 taxpayers.

Reducing each bracket rate by one percentage point would cost about \$1,200,000,000.

To reduce the corporate tax rate to 50 per cent would cost roughly \$800,000,000.

If tax cuts are made we have a choice of form or combination. The revenue reduction follows inevitably.

TRANSPORTATION

After four years of study the Civil Aeronautics Board has evolved a new policy affecting nonscheduled airlines that points to a big increase in competition for the patronage of the growing number of air travelers.

The ruling is one of several in recent months granting new competitive routes and extensions for direct and connecting service between major cities.

Fifty nonskeds, now termed supplemental air carriers, will be permitted to make ten flights each per month between any single pair of cities and to carry on unlimited charter operations on a plane-load basis.

The CAB decided the time was ripe for a policy strengthening these carriers and fostering their continued growth.

CAB will conduct a continuing study to see that existing route structures of certificated carriers are not weakened.

At least one major line took issue with the CAB's stand and the whole matter may wind up in the courts.

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U. S. PRESTIGE

continued from page 51

to be withheld from cultivation for the five basic commodities is one expedient proposed. It would probably result in a surrender of the poorest acreage, and a more intensive cultivation of the remainder, leaving crop totals nearly as high as ever. But it is worth considering. Another suggested plan calls for direct subsidies or compensatory payments, covering the difference between market price and a price to be fixed by the government. Assistance of this kind is given wool-growers.

A third expedient would be a broad expansion of the direct conservation payments under the present Agricultural Conservation Plan.

Both in Congress and among the presidential aspirants, the entire subject needs thorough exploration before next November, not for vote catching but for the national good.

►The high degree of prosperity outside the farms should not obscure the fact that we have important economic problems to solve. Last January the President and his Council of Economic Advisers urged that the government direct its efforts toward long-continued economic growth rather than toward imparting an immediate upward thrust to business. That counsel seems even more valid today.

President Eisenhower last January asked for some 30 economic measures. They ranged from a broadening of social security coverage to plans for augmenting the nation's physical stock of capital (highways, for example). The obverse of our prosperity medal is visible in rising prices, a heavy strain on fixed-income groups, and an alarming expansion of installment buying and general use of credit. Measured by consumer price indexes, the cost of living went up by serious amounts (half of one per cent is serious) in several months of the past year. The country has to walk a narrow path. It must take measures which foster economic growth rapidly enough to give full employment to our expanding population and full use to our resources. At the same time it must use other measures to halt dangerous speculation, overborrowing, and inflation—which might mean collapse.

Here lies a broad field for inquiry and discussion. In a campaign year ideas for an immediate upward thrust (tax cuts, for example) are always popular. Far more important, however, are the best means for producing a healthy growth.

►It is in this context that federal aid

for schools, housing, highways, and improved medical services assumes greater importance. The proposed legislation for all these objects cuts squarely across party lines. In subsidies to housing, for example, President Eisenhower, like the late Senator Taft, has been willing to go much further than either the conservative Democrats or conservative Republicans.

As the wave of population rises, slum clearance, better schools, and fuller medical services will all become of pressing concern. They are intertwined with such problems as that of juvenile delinquency, on which Senator Kefauver's subcommittee will doubtless have much to say. All these responsibilities require a combination of federal, state, and local activity, involving delicate questions of jurisdiction. What is primarily needed is not party debate but general debate, to provide an alert and informed public sentiment.

The question of federal aid in road building provides a fair example of our perplexities in this area. The country has about 3,500,000 miles of roads and streets. It has about 40,000 miles of interstate arterial highways, carrying nearly a third of all our traffic. Under ordinary provisions, the nation, states, and localities would spend about \$47,000,000,000 in the next decade on roads. This is far from sufficient. To meet the traffic burden anticipated by 1966, at least as much again is needed. President Eisenhower proposed steps to raise the additional \$50,000,000,000, with the federal government (which already makes large road expenditures) contributing about half the increment.

Everyone is for the new and better roads, an addition to our physical stock; but whence is to come the money? Even now, the states grumble over the federal tax of two cents a gallon on gasoline, which they would like to impound. The Administration plan for a federal highway authority to sell bonds, pay interest and amortization from federal gasoline taxes, assist the states in selling their highway bonds, and perform other functions, has met sharp objection. Is this plan of earmarking specific revenues for specific purposes wise? Is a pay-as-you-go scheme better? Is it equitable that, when realty and other interests will benefit from the new roads, motor vehicle users should pay all the costs? Can federal-state frictions be avoided? The subject requires moderate but probing debate.

So does the topic of federal aid to education. President Eisenhower's special message of last February proposed that the government should

buy school bonds of local districts in amounts not exceeding \$750,000,000; that it should cooperate in creating a reserve fund of not more than \$300,000,000, half state, half federal, for state schoolbuilding agencies (local tax revenues to pay for the buildings); and that it should spend up to \$200,000,000 in state-matched grants of aid to needy districts to erect public schools.

Under this plan local communities would eventually foot most of the bill for better schools. To some this is a merit. To others, like Sen. Lister Hill of Alabama, who advocates a free federal grant of \$500,000,000 a year for two years to the states for building public schools and other purposes, it is a fault. Still other plans for improving our public schools have been offered.

It would be in the national interest if party leaders in Congress and in the campaign gave sober attention to this question, so fundamental to American progress. It cannot much longer be held without constructive action.

The same may be said of the problem of refurbishing the nation's medicine chest. Mr. Eisenhower said in his State of the Union Message a year ago that our medical services contain fundamental inadequacies. An honest, practical program is needed to remedy them.

►The federal power issue should by now be on a plane where it could be discussed with more of moderation and less of mere ululation. But the fundamental question is whether a mutually tolerant partnership of national, state and local agencies in the much-needed development of power can be arranged—with no suspicion of giveaways.

►By election day in 1956 it is expected that at least 3,000,000 Negroes will have registered to vote in the South, as against only about 750,000 eight years ago. In the five remaining poll-tax states they are a power. This fact is one of our reasons for believing that no candidate or party can undermine the championship of equal civil and political rights for Negroes by the Supreme Court.

Racial segregation, now outlawed in the schools, in public amusement places, and in transportation, is on its way to the gulf which swallowed up slavery.

It is true that vestiges of discrimination will long persist; that some southern states which have taken steps looking toward the abolition of their public school systems, will perhaps fight to the last against integrated schools. But the overwhelming sentiment of the nation is against the slightest backward step.

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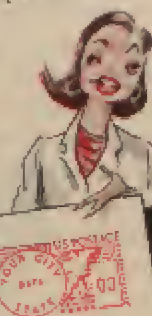
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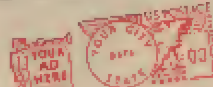
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tariff is just a local issue—and very local indeed. President Eisenhower has made an effort to uphold the principles of the Randall Report. He pushed through the Reciprocal Trade extension; he has championed the bill ratifying the rewritten General Agreement on Tariffs and Trade. The escape clause remains.

But the tariff question seems less and less important anyhow. In the 1954 congressional election it cropped up only sporadically. Here, in view of imperative considerations of world policy, the two parties stand fairly agreed.

►The greatest of all the domestic issues, potentially, is civil liberties. It should be debated with vigor, and with no inconsiderable moral indignation over our lapses from wisdom and justice. That the Democrats are in a mood to debate it none can doubt.

The Democrats remember with resentment the charge that they were soft on communism, the taunt about 20 years of treason. It is mainly from the Democratic side that President Eisenhower's famous Executive Order No. 10,450 has been under attack ever since its issuance in April, 1953, because it was the Democrats who were stung by the announcement that 1,456 employees had been dismissed within six months as security risks—a statement widely misinterpreted as meaning that nearly 1,500 subversives had been ousted. The ensuing numbers game enraged many Democrats. The investigation of security procedures and results being conducted by Sen. Olin Johnston will provide much ammunition.

Yet civil liberties are far from being a party issue. Actually the forces attacking civil liberties are, as George Kennan has said, "too diffuse to be described by their association with the name of any one man or any political concept."

It will be a great pity if both parties do not strengthen the line against invasions of civil liberty. Both should give cool study to the means of improving the security system, which President Eisenhower says is under constant review; for in an age of danger we need some security system. It is the moral effect of assaults on our rights that is most alarming.

Dr. Charles W. Mayo, speaking for scientists, recently said that freedom is made up of many intangibles, and it has a rare flavor that is easily lost. The essence of freedom is the right to an independent opinion; the right to disagree. Whenever government officers show a roughhanded zeal, they encourage superpatriots to be more roughhanded still; whenever they talk too loudly and loosely



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U. S. PRESTIGE *continued*

about danger and subversives, they assist a campaign of hysteria. The coming summer should hear right doctrine preached on both sides, and liberal planks put into both platforms.

This, barring some sudden surprises, almost completes the list of potential domestic issues. A few minor questions could be added, like immigration, but they are unlikely to count for much. Altogether, the issues are not at present really very divisive. Beyond doubt, before the campaign ends, a great deal of heat will be generated, but not the kind of heat that makes lasting enmities. One explanation of the lack of passion will lie in the fact that inter-party differences are partly blanketed by intraparty disputes. We shall probably be told again, as in 1952, that we really have a four-party system—two kinds of Democrats, two of Republicans.

Another explanation will lie in the historic common sense of Americans, their disposition toward compromise.

A third explanation, of course, is that however the shillelaghs toss at home their wielders will have an eye cocked on Europe.

► We can quarrel about foreign affairs, but we cannot quarrel fiercely and unreasonably; because here we all belong to one party—the party to save the free world from communism. It is right and salutary that the record of the years since V-J Day should be reviewed. It will be wholesome if our strategic concepts are fully argued. Democrats will be entitled to make the most of the fact that they founded NATO, and the Republicans of the fact that they strengthened it. The Democrats can boast that by decisive action they stopped the communists in Korea, and the Republicans that, by equally decisive measures, they halted the bloody fighting there.

If mutual criticism does nothing else, it will save us from living in a fool's paradise. It will drive home the fact that we dwell in an intensely dangerous world, that while we gain ground on one front, say Germany, we are likely to lose it on another, say Indochina, and that the penalties for any error are often calamitous.

But such debate cannot alter our general agreement on fundamentals. From the Marshall-Bevin policy of patient negotiation with Soviet despotism combined with the upbuilding of western strength, the line runs straight to the same Dulles-Macmil-

lan policy of patient negotiation from increasing strength. No major deviation occurs.

We are agreed on maintaining deterrent power in nuclear weapons and airplanes. We are agreed on the necessity of keeping the NATO circle united and strong. We are agreed on denying Formosa to Red China and West Germany to Russia. We are agreed on trying to relax tensions around the world while giving up no vital position. We are agreed that the most positive foreign policy will be weak unless an economically powerful America stands behind it, and that the maintenance of our economic health is a vital element in our handling of world affairs. Accepting these as established principles, debate will have to deal with their fringes, and with methods of implementation.

► It is a tribute to President Eisenhower that the record of the past four years makes for a quiet and constructive campaign. While it is true that his dynamic conservatism has



usually been dynamic only on the surface, and conservative at heart, it has also been moderate, reasonable, and often bipartisan or non-partisan in tone. It has paved the way for a new vindication of our American party system.

The two-party system is misunderstood by those who think it means engendering a frontal conflict.

The true function of our great parties, throughout our history, has not been to separate the American people into two opposed camps. On the contrary, the parties exist as agencies which bind the American people together; which minimize and moderate the clash of opinion instead of enhancing it. Particularly do they serve this function when the party in power is led by a President as wise, temperate, and generous as Mr. Eisenhower, and when the opposition party is headed by a man as cultivated, broadminded, and public-spirited as Mr. Stevenson.

In these harsh times the nation needs union and concord. And what is the essence of union? It is not the avoidance of honest debate, but the

spirit of compromise during and after debate; and our parties offer the machinery of compromise. Each of them is a great composite of rich and poor, learned and unlettered, Catholic, Protestant, and Jew, farmer, mechanic, and merchant. Each is a more or less homogeneous cross-section of the whole nation. The ties of allegiance which hold a party together are in general few, simple, and obvious. There have been few times in our history when a man could not walk out of one major party into another without finding a multitude of friends to make him instantly at home. Once a party gains power, its composite nature and the Anglo-Saxon tradition of fair play for minorities keep it from using that power tyrannically. By avoiding absolute dogmas of radicalism and reaction, we avoid violent oscillations and paralyzing convulsions.

President Eisenhower has in fact made a double record. After a retarded start, because he had to give most of his first year to study of intricate problems quite new to him, he and his Cabinet have kept Congress supplied with a variety of important proposals. Some he has carried through; others he may put on the statute book in his fourth year; still others, like Hawaiian statehood and votes for 18-year-olds, stand no great chance. Unquestionably, his has been a constructive presidency.

He has given no opportunity for ideological conflict to rear its head. He has constantly risen above party—so much so that his sudden brief appearance as a party campaigner in 1954 startled many people. At the beginning of his fourth year he is closer to many moderate Democrats in Congress than to some Republicans who lament that he has been misled.

This is how the party system works at its best. We must hope that, in the anxious summer ahead, the spirit here exemplified will persist amid the inevitable barrages of the campaign. As the brief thaw in the cold war ends, we cannot afford to lose that spirit. A presidential contest is important not only for the decision at the polls to which it leads, but for its effect on the outlook and policies of the two parties after that decision is made. Its indiscretions and intemperances may get projected into the far future. In this instance the election will have a heavy impact not on ourselves alone, but on the whole West; not just on American destiny, but on world destiny.

From Melbourne to the Brandenburg Gate, men will be hoping for leaders with the courage and moderation that can give us accents of greatness. **END**



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fights
back*



ABSENTEEISM due to the common cold will hit its peak this month and next, and the wretchedness that drains America of \$5,000,000,000 a year probably will affect 25 per cent of your employees in January and February alone.

The average American gets three colds a year, and at this moment about 40,000,000 Americans have the sniffles to a greater or lesser degree. To do something about it we spend billions of dollars annually on doctor bills and medicines.

Every study indicates that the average employee stays home two and a half days a year to fight off cold infections. A small businessman employing ten people can be certain that absenteeism due to colds will total 25 days in the course of the year. Twenty-five days constitute more than a full working month of an employee's time.

Companies that have kept records for a decade or

two—and there are many—make it clear that respiratory infections cause more than 50 per cent of all industrial absenteeism. The Texas Company, whose surveys cover 15 years, puts the figure at a precise 50.98 per cent. No other form of illness equals this as a cost item; no other, not even indigestion, is so widely prevalent. The U. S. Public Health Service estimates that, in terms of time, the cold annually robs our country of 150,000,000 work days. Expressed in money, it means about \$5,000,000,000 annually.

"And as wages increase, so does this figure," Dr. M. H. Newquist, Medical Director of the Texas Company, points out. "Also, it is well to remember that the wider adoption and liberalization of sick benefit plans—including the trend toward the reduction of the waiting period from seven days down to no waiting period at all—convert sickness and absenteeism into more dollars and cents than ever before."

He is right. Last year every one of the nation's 500,000,000 colds represented a cost of \$10—more than ever before.

What has science done to cope with the basic causes of the common cold? What has so far emerged from 2,000 years of medical history?

Very little.

Dr. Frank L. Horsfall, Jr., of the Rockefeller Institute of Medical Research, wrote a long chapter on the common cold in "Viral and Rickettsial Infections of Man." When he reached the section entitled *Treatment* he said: "No clearly effective method of treatment has been devised."

Concluding the treatise with a section on *Control Measures*, the doctor summed it up in two cryptic sentences: "No effective control measure has been devised. Vaccines have not been shown to decrease the susceptibility to the disease."

These are discouraging words for a man with a runny nose and a lumpy throat. Yet a new vaccine was announced in early November of 1955 and it reached the front page of every major newspaper. Will it help?

The discoverers of the particular virus which this vaccine combats—Dr. Thomas G. Ward of Johns Hopkins University and Dr. R. J. Huebner of the U. S. Public Health Service—have pleaded with the nation to avoid overoptimism. Their new vaccine, they say, affects only "Type 3 APC" viruses. It has no effect on the simple cold in the nose from which most of us suffer.

Another eminent physician, while acknowledging the importance of the new vaccine, appraises it in relation to the whole campaign against the common cold and calls it "just one little chip off a granite mountain."

Industry still faces its \$5,000,000,000 annual loss.

A year and a half ago a number of businessmen—headed by John P. Syme of the Johns-Manville Corporation and O. Parker McComas of Philip Morris, Inc.—decided this was too costly a drain to be borne forever.

They showed, by charts and statistics, that American industry has been spending hundreds of millions on safety measures to protect workingmen from vocational injuries. The result is that vocational injuries now account for only 1.28 per cent of absenteeism—less than one fortieth of the absences caused by colds. Couldn't the same method—concerted effort and financing by all industry—help to defeat the primary cause of absenteeism, the common cold?

In 1955, acting on this challenge, 73 firms pooled funds to establish the Common Cold Foundation, with offices at 370 Lexington Avenue in New York.

Now, for more than a year, the Foundation has been fighting the colds by making research grants to colleges and universities. It is helping to attack the problem from every known angle by financing men and laboratories whose work has too often been frustrated by lack of funds. The Foundation is operating on a budget of \$500,000 this year. Says Foundation president John P. Syme: "We would have to spend \$500,000 a year for 10,000 years to equal the sum the common cold now costs us in a single year!"

But the \$500,000 expenditure will be increased, he added, as more firms cooperate in the enterprise and as more scientists with sound programs make requests for grants. So perhaps we are at last on the brink of coming to grips with the common cold.

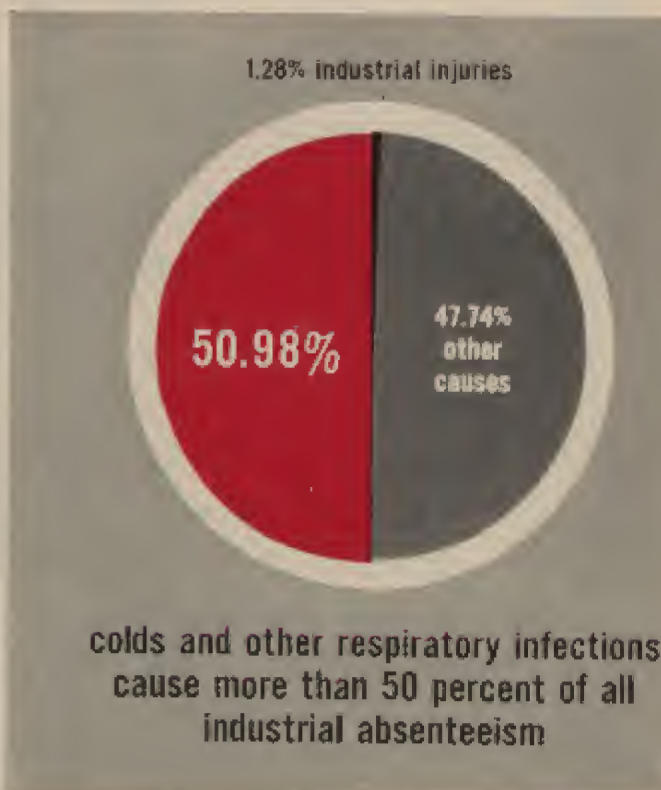
Certainly medical men, though optimistic, are being realistic in their approach. Dr. Thomas Turner of Johns Hopkins says:

"Today we are, in reference to the cold, approximately where we were 75 years ago in reference to

diarrhea. We used to regard any number of intestinal disorders as diarrhea, treating them all in the same manner. Then we discovered varying causes—dysentery, amoebic dysentery, and the rest—and we knew that each had to be treated in its own way. That was when we began to make real progress. Today we are making the same kind of start with the common cold. Assuming it has varying causes just as it has varying symptoms, we study each cause and symptom separately. And we are fortunate in having new techniques to employ. For instance, the significance of the recent announcement of a vaccine for the Type 3 APC virus lies in the fact that new tissue culture techniques are eliminating what up to now has been a complete research road block."

Dr. Yale Kneeland, Jr., Chairman of the Common Cold Foundation's Scientific Advisory Committee, expresses the belief that "science can come up within the foreseeable future with at least some of the answers about the common cold."

Things are looking up. With the assured financial



backing of business, all research men seem to feel, anything is possible. Moreover, they have learned the value of collaborative effort. Two all-out wars—and particularly the development of the atom bomb—have demonstrated with what speed and effectiveness scientists can operate when they abandon the seclusion of ivory towers and work together as a nationwide team. Within the next few years men in major laboratories throughout the country will all be concentrating on the one focal project—the common cold. Something is certain to come of it.

The Common Cold Foundation, however, is by no means the only army fighting this war. The giant pharmaceutical industry is also at work.

As a people we expend about \$350,000,000 a year for pills, nose drops, tablets, capsules, syrups, anti-histamines, and other pharmaceutical products aimed at making us feel easier. We spend more than

\$100,000,000 on tissues for nose-blowing. We pay doctors' bills which, solely for colds, have been estimated to run into the billions; physicians say that one third of all their house calls are attributable to the common cold.

Considering such expenditures, several distinguished medical men were asked: Since so little is known about the cause and treatment of the common cold, can there be real value in today's many cold medications?

The answer was unanimous:

Drugs that strengthen our general resistance to infection, like the vitamin products, and drugs that relieve the discomforts of colds, like the antihistamines, serve useful and important functions.

"In the preventive category," one physician says, "there is decided effectiveness in the daily use of a multivitamin capsule, particularly

Louis. They have been producing cold-relief pills for 67 years, so that their plant is known locally as "The Pill Box." Their research department has been concerned with respiratory infections ever since it was established. James H. Grove, the company's president, comments on the common cold:

"Though no one, admittedly, has learned much about its nature or its causes, we in the pharmaceutical industry have learned a good deal about relieving the cold's symptoms. We have done more than bring comfort to sufferers. Modern drugs—penicillin, sulfa, and the rest—have served effectively to check those complications which so often followed a cold: pneumonia, influenza, ear infections, and so on. Modern pharmaceuticals have helped reduce the incidence of death from those diseases to an amazing degree."

it. I believe we are on the verge of understanding a problem that is as old as mankind itself."

Then Mr. Grove adds, "But tissue culture by no means offers our only new avenue of procedure. We have another new field in citrus bioflavonoids."

Though the term is only six years old, bioflavonoids have been known by one name or another since they were identified in 1932 by Dr. Albert Szent-Gyorgyi, winner of the Nobel prize for his discovery of Vitamin C. Mr. Grove describes them as compounds containing carbon, hydrogen, and oxygen atoms, their principal source now being the meaty sections of citrus fruits.

"A good many pharmaceutical firms are planning to utilize bioflavonoids in their campaign against the common cold," Mr. Grove continues. "They have been used effectively against other diseases—rheumatic fever, tonsillitis, influenza, and many more. We have great confidence in their effectiveness against the cold virus, too."

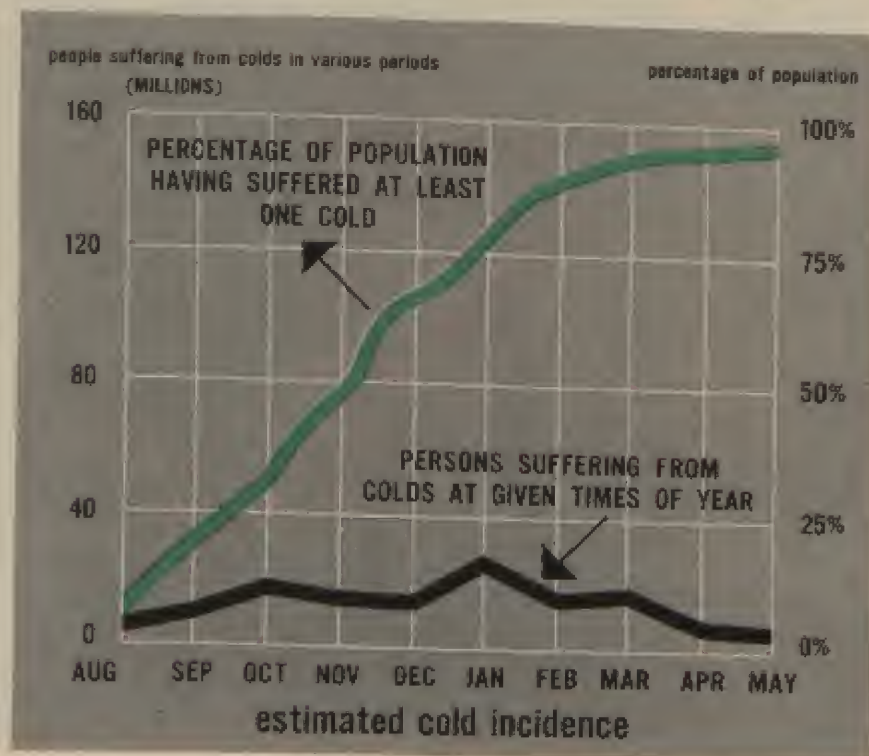
The Federal Food and Drug Administration, he says, is reported to have applications from 25 major laboratories for permission to manufacture various forms of bioflavonoid compounds for use against the common cold. The first approval of such requests went to the Clayton Laboratories, for the marketing of Citroid Compound, on Sept. 16, 1955—and Mr. Grove calls this an historic date.

"It marks the opening of a new front in the campaign," he says.

With the Common Cold Foundation now financing research in a number of universities, with scores of biological laboratories now working on tissue culture and viral research and new concepts like those of the bioflavonoids, with some of the country's best medical talent turning to a consideration of respiratory infections, somebody may soon put the common cold into the same anachronistic category as scurvy, bubonic plague, smallpox, diphtheria, and yellow fever. We may live to see industry save its \$5,000,000,000 loss. We may cease to spend \$10 on every cold caught by a member of our family—for the simple reason that nobody in the family will be catching cold.

And what will happen then to the firms that now make cold-relief pills?

Don't worry about them. When the ultimate triumphant discovery is made they will turn to producing the new vaccines or drugs, and where they now gross millions, they will gross billions. One way or another, the common cold will continue to be big business.—OSCAR SCHISGALL.



one of the newer water-soluble types like the Vifort R Capsule, which allow for the body's maximum absorption and utilization of vitamin A and vitamin D. This is a relatively new process, hardly five years old; and in building up general bodily strength with vitamins A, D, C and B complex it simultaneously builds up resistance to the infection we call the common cold."

As for the drugs that relieve distress, they obviously serve their purpose well. We now buy some 600,000,000 cold-relief pills a year.

Producers of fully 85 per cent of the nation's output of such pills are the Grove Laboratories, Inc., of St.

The death rate from pneumonia and influenza, for example, has in our own generation been cut from 202.2 per 100,000 of population to the low ratio of 38.7.

"In coping with these diseases," Mr. Grove continues, "scientists have gathered data which is certain to help in the fight against the common cold." Discussing the tissue culture techniques that have been developed in a number of laboratories he says, "Now we can cultivate and observe the action of viruses in test tubes. Once we know how viruses act on tissues to cause what we call the common cold, we are but a step from knowing what to do about

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Business finding key to atom's legal puzzles



This sphere houses atom sub power plant prototype operated by General Electric for Atomic Energy Commission

American Bar Association committee tackles potentially explosive problems of liability, workmen's compensation, insurance, secrecy and patents which hamper atom's use

IMMENSE and perplexing legal problems which have confronted business as it moved into the atomic energy field appear to be on their way to solution.

The size and scope of the difficulties haven't diminished, but private industry is finding out that the problems are by no means insurmountable.

When President Eisenhower signed the second major Atomic Energy Act in August, 1954, the gateway to private exploitation of the atom was thrown open.

Within six months U. S. businessmen had put something like \$200,000,000 on the line toward the first

private developments of atomic energy.

Investment, though, is inevitably accompanied by a special reconnaissance for possible obstacles—and a lot of legal questions began pushing themselves into the foreground. Such questions as:

How much legal risk is the atom-plant operator going to take on? Can he get the insurance he needs? How far will he be liable for defective products? Will he be hamstrung by government secrecy rules? Will persons injured by radiation be able to recover in the face of short statutes of limitation? Will workmen's compensation laws have to be

changed? Will businessmen be able to get the patents they want and need?

There is no accurate way to gauge how far such questions may have affected private interest in atomic energy ventures, but lawyers first were jolted by the great complexities which seemed to escort the atom into the business world.

Since the airing of atomic-legal problems by the national convention of the American Bar Association last summer, however, and with the appointment of study groups to look into the matter, they now feel that the legal knots can be untied with a bit of patience and a reasonable amount of ingenuity.

The Atomic Energy Commission has now approved approximately 600 requests for access to atomic information.

Present estimates are that American business is committed toward atomic energy projects to the extent of about \$500,000,000—including electric power production, ship, auto and plane propulsion; research, medical usage, water development, and so on.

What are the legal hurdles in the path of private industry in this matter, and how are they likely to be overcome?

Obviously, there are no final answers yet.

The American Bar Association has appointed a special Committee on Atomic Energy Law. This is composed of eight distinguished lawyers and headed by E. Blythe Stason, dean of the law school at the University of Michigan, to canvass the situation.

This committee's work may require many months; so specific recommendations by the ABA may be some distance away.

But these are the general problem areas being studied, together with the current trend of legal thinking in regard to them:

Risks in the operation of atom plants

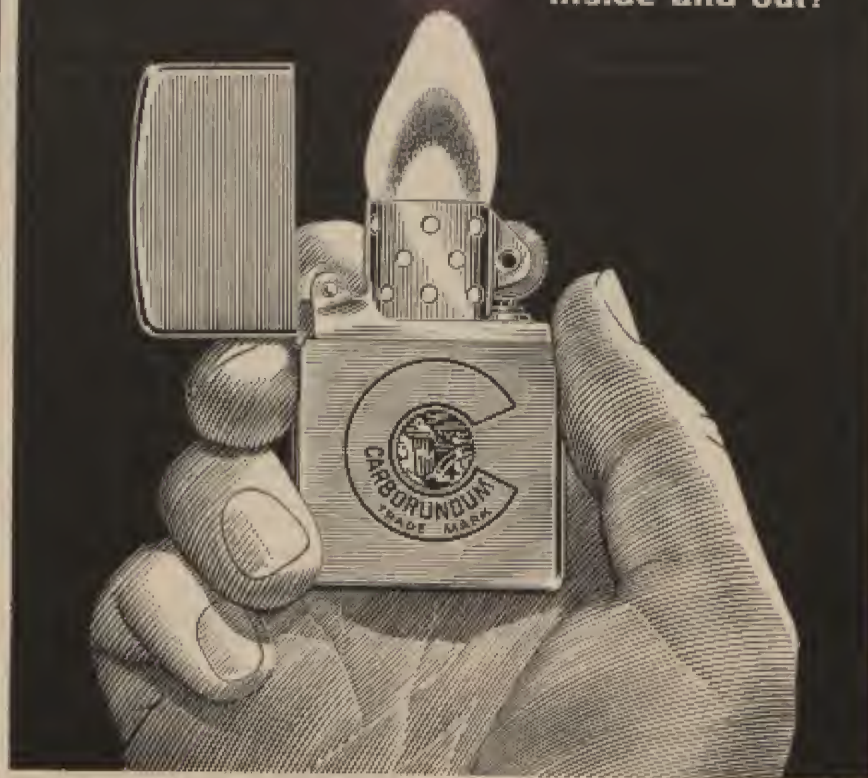
Problem 1 Suppose the disaster described by nuclear-reactor men as a "burn-up" should occur? A burn-up results from a reactor that gets out of hand, thus permitting the spread of uncontrolled radiation. It can happen.

It did happen in 1952 at Chalk River, Ontario; and cleaning up the nuclear mess that followed has been likened to the atomic-age version of cleaning the Aegean Stables. Damage runs high and engineering difficulties are extreme. But will the plant operator, in such instance, be held as an absolute guar-

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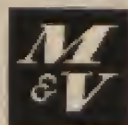
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ATOM'S PUZZLES

continued

anior for the safety of persons and property in his vicinity?

Solution The trend of the law today in cases where dangerous activities are concerned is to hold the operator liable, whether or not any contributory negligence is involved. It will probably be true in the case of atomic plant operators, and there is little doubt that few private concerns could survive such damage as might result from a burn-up. Yet this problem is not new.

Other industries face similar ones.

The emphasis here should probably be placed less on developing a theory of law to exempt business from catastrophe and more on finding adequate insurance.

Problem 2 Will atomic plant operators be liable on the theory of operating an attractive nuisance? Will they be plagued by suits from curious persons who poke into dangerous places and later claim radiation damage?

Solution It is quite likely that suits will arise on this ground. However, many lawyers feel that this liability can be checked by careful selection of a site for factory purposes. While use of relatively isolated sites plus barrier fences and armed guards may boost the initial costs of the operator, they will probably pay off in damage suits dismissed or won.

Problem 3 Will the atom plant businessman be subjected to baseless suits and perhaps unjust damages due to incomplete medical knowledge? In other words, will he have to put up with legal annoyances from people who think they have been damaged in his plant but who, in fact, may have incurred illness through other causes?

Solution The best legal guess is that this will happen rarely after initial test-cases have been disposed of. It is true that people are afraid of radiation damage and since medical knowledge on the subject is still young, a number of suits will doubtless be tried in the realm of speculation. Because of the uncertainty of the charge, however, the courts can be expected to exercise caution and obtain the most up-to-date testimony. Meanwhile, doctors say their understanding of radiation effects is rapidly growing.

Obtaining adequate insurance

Problem Entrepreneurs in the atom-

ic energy business have reported that insurance companies are not prepared to give the kind of comprehensive insurance they feel is necessary to protect their investment.

The problem requires knowledge of the hazard and its evaluation from a standpoint of its insurability preliminary to placing a price on such coverage as can be made available. It requires a determination of the amount of insurance which can be made available and the terms and conditions upon which it is sold.

With one exception all the hazards incidental to the development and use of atomic energy are familiar in other industrial operations.

The unusual aspect is not explosion. It is the release of radioactive materials in such a way as to injure persons or property.

Insurance industry experts have been working on the problem for more than a year and are continuing their study of private capabilities. Meanwhile, the suggestion has been made in some quarters that some state or federal fund be set up as a bulwark against possible atomic catastrophe. What is wrong with that?

Solution From a legal point of view it would be hard to square our private enterprise concepts with government underwriting of this kind.

Some say the law might sanction some supersystem of private reinsurance, some elaborate version of the sort of thing business has been using for years. If such reinsurance appeared to transgress state laws from the standpoint of economic safety or federal laws from the standpoint of monopoly, special consideration can be given to the amendment of these laws.

It must be noted that the general safety record of atomic plants to date has been far better than in any so-called "dangerous" industry, such as construction, mining, transportation and heavy manufacturing.

Assuming, as we surely can, that private industry safety standards will be no less rigorous than those of the government in the past, and if premiums are sufficiently but not unreasonably high—perhaps accident pay-offs will be scarce enough to allow the build-up of an ordinary insurance reserve sufficient to handle the rare catastrophe. However, it would probably be visionary to think actuaries would accept this thesis without more experience.

Liability for defective radioactive products

Problem Former AEC Chairman Gordon Dean once remarked that atomic energy products are likely to

be "loaded with poisons and hazards such as would make a negligence lawyer lick his chops." (This was in reference to finished products rather than operational hazards.) Suppose some radioactive device for testing metal fatigue in aircraft or structural steel becomes defective in an unforeseeable way and causes damage. How much liability will attach to the maker? Will he be cleared if he used all possible care or if he can show no negligence on his part? Or will he be liable anyway?

Solution Negligence law as it has developed up to the present is fairly rough on manufacturers, particularly where the product has dangerous characteristics. There seems little question that manufacturers of atomic products (including reactors) will have difficulty escaping liability for defective products—possibly without regard to the production-care exercised. But many other manufacturers are subject to this severe doctrine of liability—drug makers, machinery and automotive manufacturers, electric appliance makers among them. Since damage resulting from a defective radiation device may be fairly extensive, precaution on the part of the manufacturer should certainly warrant high priority. It is probably the only way he will be able to hold down his product liability; for, on the basis of current law, he will be held to strict account.

Protection via patents

Problem The ABA's special Committee on Atomic Energy Law puts it this way: "Because of the unusual manner of development of atomic enterprise, first as a military program and then as a government monopoly, normal American patent practices have not been permitted. Yet, now that private industry is being admitted to the field, normal patent practices should be followed just as soon as possible with justice to newcomers in the field."

But there are at least two legal riddles here. First a provision of current law requires that all atomic inventions and discoveries developed under contract with the AEC—or in any arrangement or relationship with that body—shall be presumed made by the government. Is this provision either legal or wise? Second, if normal patent processes are resumed when the AEC licensing powers expire in 1959, will inequities result?

Solution This is perhaps the most severe part of the atom's legal headache. So far, no suggested solution makes everybody happy. The difficulty with the first problem is that if

"Wrong?" The Sales Manager seemed incredulous.



The Credit Manager was amused

"The next item I'd like discussed," said the President, "is a proposition Sales has received. Will you explain, Joe?"

The Sales Manager was almost too eager. "It's Apex Corporation," he said. "I've been trying to crack them for years. Now, we've got a chance, not just for an order, but for a continuing contract." Rapidly he outlined the details.

"Mmm, our profit ought to be pretty good, and the sales expense would be negligible. But—" and the Treasurer paused to emphasize his next point—"should we risk having so many eggs in one basket? That is, if something should go wrong."

"Wrong?" The Sales Manager seemed incredulous. "What could possibly go wrong? They're one of the biggest firms in their field, and—"

"Just a minute, Joe," the President interrupted him. "That's all very well, but things do go wrong, even with top-rated firms."

"But, sir," the Sales Manager seemed almost anguished now, "this is the opportunity of a lifetime."

The Credit Manager cleared his throat. "I'd like to suggest—" he was amused at the suspicious glance the Sales Manager shot his way—"that we consult American Credit Indemnity about Credit Insurance on this. After all, they insure all of our other accounts. They'd be glad to advise us."

"Good idea." The President rose. "In the meantime, Joe—" he turned to the Sales Manager—"have the Legal Department look at that provisional contract, while Ralph is checking about Credit Insurance. Might as well get all the loose ends tucked in. We'll meet as soon as Ralph has something to tell us."

"Gentlemen," said the President, "Ralph has already given me his report of a consultation with American Credit Indemnity. It's

good news, I think. They're willing to issue a separate policy to cover the Apex account up to 150 thousand dollars."

"A year?" The Sales Manager seemed about to burst with suppressed wrath. "Why, that's—"

"No, no, Joe!" the President soothed him. "That's for the total outstanding at any given time. It's more than enough to cover the contract deliveries."

"Then we can go ahead with it?" the Sales Manager's spirits rose with a rush.

"We already have," said the President dryly. "I okayed the contract this morning."

The Credit Manager was even more amused this time to receive a look of sheer gratitude from the Sales Manager. In return, he winked and nodded sagely. At this rate, he thought, Joe and I might even end up as boon companions—and he sternly resisted a temptation to laugh out loud.

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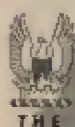


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ATOM'S PUZZLES

continued

the law does not permit patenting of any work accomplished in conjunction with the AEC, then that part of industry which has been working with atomic energy for years may be denied its constitutional rights of business protection. The second problem stems from the fact that if complete freedom of patent is allowed when the AEC's licensing powers expire, then the part of industry already in the field may be so far ahead of everyone else as to stifle competition with monopoly on virtually all important discoveries to date.

Patent lawyers are split on what to do about all this and, indeed, it seems to be the sort of problem which cannot be compromised without somebody feeling that he has had the short end of the stick.

Recovery by damaged individuals

Problem Remember the Japanese mother whose baby developed leukemia in 1955? The mother had been at Hiroshima in 1945 when the first A-bomb fell, and this was the first noticeable result. How can a person subjected to slow-damage radiation be compensated for his injury under present law?

Solution In most states today there probably could not be recovery. The usual statute of limitations requires that persons carelessly injured by others bring suit for damages within two or three years from the time the wrongful act occurred. Of course, this is impossible if there is no knowledge of injury until five or ten years have gone by. However, most of the difficulty here can probably be overcome through action by the state legislatures. The various statutes of limitations can be amended to provide that, in cases of radiation damage, the statute will not begin to run until "time of disclosure" that an injury has occurred—rather than from the time the injury was inflicted.

In some cases, using a time of disclosure could result in considerable hardship on all parties due to the difficulty of producing witnesses and other expenses of accumulating evidence.

In these circumstances, some lawyers suggest that injured persons not covered by workmen's compensation laws be provided, at their option, with some similar kind of statutory compensation.

Problem 2 The same problem exists

with regard to workmen's compensation that exists with statutes of limitations. Most WC laws require that a notice of injury must be filed within 30 to 90 days from the time of injury.

Moreover, the theory of WC laws does not take into account the full extent of the injury in all cases since it undertakes to guarantee the injured party a moderate restitution in place of an uncertain larger sum. And since the end result of radiation damage may warrant payment of much greater amounts than WC laws will allow, how can an equitable reimbursement be made?

Solution The general feeling is that the first part of the WC problem can be rectified with relative ease. As with statutes of limitation, amendments can be drawn to permit filing of WC claims from a date of disclosure of the injury. Tennessee and New Mexico, both of which house large atomic energy plants, have already amended their laws to take care of this situation. The second part of the problem will be somewhat more difficult since it will entail some change in the philosophy behind WC laws. However, amending these laws to permit the reopening of cases where damage accumulates seriously over a long period may be a solution. The problem is not novel; it has long existed in connection with silicosis acquired in dust-generating industries. But it may become intensified in the atomic energy field.

Impediments of secrecy

Problem Oscar Ruebhausen, New York attorney who represents the Atomic Industrial Forum, Inc., points out that "the international market for atomic facilities, whether for power, for research, or for the industrial uses of radiation is a market of enormous potential." Other countries are crying for atomic reactors, particularly those countries not blessed with natural resources for supplying electric power. Mr. Ruebhausen adds that "American industry can have a tremendous initial advantage in the race for the world market if existing legal restrictions are not allowed to hold it back." Can these restrictions, which are primarily the requirements of federal law pertaining to secrecy of the atomic processes, be removed?

Solution They certainly can be, but it will be a matter of convincing Congress. Lawyers familiar with the problem urge: bilateral agreements with foreign nations in regard to power reactors; declassification of all nonmilitary aspects of reactor

technology; allowing for nonsecret, American commercial activities abroad to function without specific AEC authorization; fewer licenses required; provision of more and better information on reactor technology to foreign scientists as well as U. S. commercial attaches in other countries. Actually, this is more a political than a legal problem.

Laws controlling "transitional damage"

Problem Suppose that a shipment of atomic materials is initiated in Newark and sent by train to Los Angeles. On the way, radioactive damage is done to the personnel on the train, to a carload of photographic plates standing on a siding at Chicago and to a California date grove. Whose law will be applied in damage suits? New Jersey's, Illinois', California's or federal law?

Suppose an atomic power plant in Ohio gives off radioactive smoke that pollutes a water reservoir in Pennsylvania. Whose law will control if the operator is sued, Ohio's or Pennsylvania's?

Suppose an atomic plant worker is exposed to radioactivity in Tennessee. Later he retires to Florida where the physical damage becomes apparent. Whose law will govern the company's liability, Tennessee's or Florida's?

Where does the last essential act creating the cause of action take place? Whose statute of limitations should apply? The answer to any one of these questions could spell the difference between success or failure in a lawsuit.

Solution These are indeed knotty legal problems, but they are similar to many others that have arisen over the years and which are governed by "conflicts" laws. Shippers of natural gas, volatile fuels, explosives, fluorine chemicals and the like have been up against pretty much the same thing. The consensus is that modern conflicts doctrines, which set up a relatively uniform system for resolving cases vulnerable to more than one set of laws, will be adequate to handle this matter.

All things considered, there seems little doubt that the scientific parade has outstripped the law in regard to atomic energy.

But the law should be able to catch up before too long—and there is nothing now on the legal horizon to suggest more than a momentary hindrance to the realization of atomic energy's vast potential by our private enterprise system.

—PHILIP YEAGER AND JOHN STARK

There's nothing like

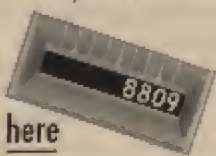


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what happens here



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Ideas about adding machines are changing fast since Friden developed *Natural Way* adding. Seems like everybody wants to go 10-key with Friden! Your Friden Man can show you why—call him. Friden sales, instruction, service throughout U.S. and world. FRIDEN CALCULATING MACHINE CO., INC., San Leandro, California.

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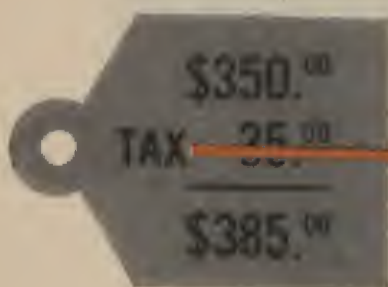
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THE NATURAL WAY ADDING MACHINE

THE AUTOMATIC CALCULATOR

THE COMPUTYPER • THE ADD-PUNCH MACHINE

EXCISE TAX OUTLOOK:



same rates, less muddle

**An overhaul is long overdue. This
is what you can expect to happen**

EXCISE TAX relief is a good bet at this session of Congress.

This does not mean lower rates. Congress and the Treasury Department seem ready to continue present rates on liquor, gasoline, automobiles and tobacco which otherwise would drop April 1.

But both are willing to overhaul the laws in an effort to make the excise system less burdensome and remove present inequities.

There is plenty of room for Congress to work. In some cases one item is taxed twice over; in others selection of items to be taxed appears discriminatory. Businessmen, particularly retailers, frequently find themselves hard pressed to learn just what items are taxable. Sometimes they find out too late. The method the government prescribes for applying the tax is often complicated. Procedures for getting excise exemptions or refunds are so cumbersome they often aren't worth the effort. Companies distributing their own products have to pay higher excises than their competitors who work through wholesalers.

Congress and the Treasury feel that such discrimination is long overdue for correction. Moreover, this would be far less costly than rate reduction, and would leave more room for possible election year income tax cuts.

However, any technical revision probably will carry with it \$100,000,000 to \$200,000,000 of direct excise

tax relief in addition to the savings businessmen will realize under a simpler and fairer excise system.

The excise taxes, which bring Uncle Sam some \$9,000,000,000 to \$9,500,000,000 a year—about 15 per cent of all his revenue—have grown, Topsy fashion, ever since they began with the whisky tax of 1791. Some excises, such as those on gasoline, automobiles and tobacco, were levied purely to raise money.

Some combined reform with revenue-raising, like the taxes on liquor, wagering, narcotics and playing cards. A few were designed to conserve scarce materials or labor or facilities in wartime—the levies on appliances, photographic products, passenger transportation, for example. Still others were aimed at so-called luxury items—furs, jewelry, toilet preparations, cabaret bills, safety deposit box rentals.

Some taxes were levied at the manufacturer's level, some at retail. Some were specific—so much a pound or gallon; others were ad valorem—a percentage of the value. The effective rates varied tremendously, and often without apparent reason.

This hodge-podge structure has been topped by a matching superstructure of interpretive rulings by the Internal Revenue Service. Often these rulings have been contradictory or vague. Previous efforts to repair the system have been on a piecemeal basis, but now a House

Ways and Means subcommittee headed by Democratic Rep. Aime J. Forand of Rhode Island is doing the spadework on a comprehensive overhaul.

Members hope to have ready for full committee action early in the session a bill that will be cleared for speedy House and Senate approval. The bill will seek to root out the causes of many complaints.

The Treasury is ready to go along with some improvements in the law, provided they don't cost much revenue. But it is raising a restraining hand against any overgenerous congressional impulses. Secretary Humphrey is worried not only by the immediate loss of revenue that might result from some proposed changes but also over the fact that a concession to one group usually breeds strong demands for similar concessions to other groups. The Treasury's detailed views will be presented to the Forand subcommittee early in January.

At subcommittee hearings dozens of witnesses from business and industry listed some 100 separate administrative and technical problems.

The most frequent complaint concerned uncertainty as to just when a tax is due. In most cases, the law applies the tax to a broad category of products or services rather than to specific items. This creates a huge twilight zone where the Internal Revenue Service must be relied on for specific rulings—rulings which

businessmen claim are sometimes hard to get and often contradictory and unreasonable.

Maurice G. Paul, Jr., executive vice president of the Federal Excise Tax Council, summed up the businessman's dilemma in this comment to the subcommittee:

"Like all other elements of cost, excise taxes can only be recovered in the price of an article at the time of sale. If it is later discovered that a tax was due (after an article was sold tax free), the manufacturer or retailer has no recourse against his customer. If a tax is mistakenly assumed to be due and included in the price, the seller will face a loss of volume to lower-priced competition, or a loss of profit if he reduces his price to meet such competition."

In the retail field, the law levies the tax on general classes of items—furs, jewelry, cosmetics, luggage. The Internal Revenue Service must decide whether item X is or is not luggage, whether Y is or is not a toilet preparation.

A new skin lotion for milady may be taxable as a toilet preparation if it is supposed to improve her appearance. It is tax free if its medicinal qualities are stressed. The jewelry tax covers items to be displayed, but are jeweled garters sufficiently displayed to be taxable? A bicycle saddlebag is tax free if it's to be used to carry sister's lunch to school. It is a taxable item of luggage if it's to carry her ballet costume to dancing class.

A knitting bag that has a secure catch or other closure and that won't spill its contents when it is opened is subject to the luggage tax because it may be used as a handbag. But one that doesn't have a secure catch or that would deposit its contents on the floor if opened while being used as a handbag is tax free.

E. C. Stephenson, vice president of J. L. Hudson Co., Detroit department store, and chairman of the tax committee of the National Retail Dry Goods Association, asked 13 stores in four cities whether a particular knitting bag was being taxed. Eight stores were collecting the tax on the bag. Five were not.

One government ruling says that the jewelry tax should not apply on certain gold and silver coated items when the coating is less than 1/100,000 of an inch thick. Retailers ask just how each little jewelry or novelty store is to make this test.

Frequently the problem is that only part of an item is taxable. A scented garment hanger is taxable to the extent of the cost of the scent or sachet that perfumes it. A home permanent set contains both taxable



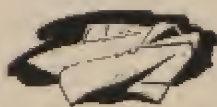
GEORGE LOHR

WHAT'S TAXED? Broad categories of products for the most part, but the twilight zone of indecision is tremendous. One knitting bag was taxed in eight stores, untaxed in five others.

TAXED



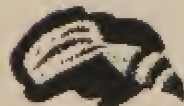
Automobile



Expensive cloth coat



Radio tube



Davy Crockett cap



Power mower



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TAX FREE



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Expensive bonnet



Hand mower



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TAX OUTLOOK *continued*

and nontaxable items, and the tax need be paid only on the taxable part. But the entire value of an umbrella with a silver inlay in its handle comes under the ten per cent jewelry tax.

Men who gave their wives fitted cosmetic cases for Christmas had to pay an excise tax of one sort or another on the case and on each bottle, box, jar, tube, cream, and powder in it. But no tax applied to any combs, brushes, mirrors or manicure instruments it contained. The storekeeper had to figure out just what tax to charge on the whole outfit.

If a coat has a fur collar, a tax must be paid on the value of the collar if it can be worn separately from the coat. If it can't be separated, no tax need be paid on either the collar or the coat—unless the value of the collar is more than three times the value of the next most important ingredient in the coat. In the latter case, the tax must be paid on the value of the entire coat.

In theory, the storekeeper who is puzzled over whether an item is taxable can get a ruling from the Treasury. Some 6,000 such rulings are asked for and given each year. But merchants point out that many novelty items come into fashion and pass out again before a ruling can be obtained.

Also, they complain, rulings are not publicized sufficiently. One store may have been told that an item is tax exempt while a competitor, unaware of the word from Washington, continues to charge the tax—an effective way to lose customers. Store managers are frequently reduced to friendly spying on competitors to learn whether a tax is being charged on a particular item. Sometimes they simply don't collect the tax. If an Internal Revenue Service ruling later decrees they should have collected, they pay up out of store funds.

These complaints about uncertainty are by no means confined to retailers. Manufacturers and others have the same trouble. For example, there is now a five per cent manufacturer's excise tax on clothes dryers, but no tax on washing machines. At last report manufacturers were still waiting for a ruling as to just how they're to figure the tax on the new combination washer-dryers.

The field of automobile parts is another with an extensive never-never land. New parts are subject to an eight per cent manufacturer's tax. Repaired parts are tax free. Rebuilt

parts are taxable. The question of where repair stops and rebuilding begins is a constantly perplexing one. So is the question of how to apply the tax to parts that are finally found to have been rebuilt rather than repaired. If a person buys a completely rebuilt engine, he pays the tax on the selling price less the value of any traded-in engine. If, however, he buys a rebuilt part—say a generator—he pays the tax only for the work actually done to rebuild the part.

The groups complaining about the uncertainties and the confusion in the present excise system generally agree that Congress should spell out in the law exactly which items are subject to tax, require the Internal Revenue Service to publish more of its rulings, and give the Tax Court authority to review IRS rulings.

Another major group of complainants asserts that the excise setup today frequently requires a firm or an industry to operate uneconomically or gives one industry an unfair competitive advantage over another. An example of the first situation occurs in the liquor industry where the present law requires a firm that produces and stores both liquor and industrial alcohol to carry out its operations in nine separate plants.

Examples of competitive advantage are many. Sen Sen is taxed as a toilet preparation while mints and other competing breath sweeteners are not. A cheap fur coat is tax free but an expensive cloth coat isn't. Radio and television tubes are taxable, but the newly developed transistors are not. Power mowers are taxed; hand mowers aren't. Electric blankets are taxed; woolen blankets aren't. Electric garbage disposals are taxed; gas disposals aren't. A silver bowl is taxed, but a fine cut glass one isn't.

The tax treatment of re-refined lubricating oil is another example in this field. Originally, the Treasury ruled that this lubricant—used oil put through a complete new refining process—should be taxed the same as newly refined oil, with which it competes. It never actually collected the tax, however. When producers of newly refined oil brought suit to force collection and to end what they considered to be a competitive inequity, the Treasury issued a new ruling exempting re-refined oil on the ground it had already been taxed in its original state.

Some of the vagaries of the excise system, while not actually competitive problems, rate as true curiosities. An automobile, considered a necessity for today's American family, is taxed, but a yacht isn't. And

a \$2 fur Davy Crockett hat for Junior is hit by the ten per cent tax, while a frothy—but fur free—\$150 Fifth Avenue bonnet for madame is tax exempt.

Many businessmen declare that the excise setup in their particular fields is too cumbersome or burdensome. For example, parts used to repair farm machinery are exempt from tax. However, the farm machinery parts maker must pay tax on all he produces because many of his products could also be used on nonfarm vehicles. The retailer, in turn, pays the tax when he buys from the manufacturer. Then, if the article is actually sold for farm use, the retailer is supposed to have the farmer fill out a special form in order to buy the item tax free. The retailer forwards the form to the manufacturer and gets a tax refund. The manufacturer, in turn, uses the form to get a tax credit of his own. The Forand subcommittee was told that most dealers find this procedure too much trouble; they simply deduct the tax in selling to the farmer and take the loss themselves.

Under the excise system, taxable items become tax free when they are used in the further manufacturing of items on which a tax will be paid. Thus there's no tax on television tubes sold to a TV set manufacturer for use in his product nor on auto parts sold to an automobile manufacturer for use in a new car. However, the buyer each month must send the seller a special exemption certificate reporting the total number of items used in this tax-free fashion. The seller then must be responsible for keeping the certificates on file for long periods. Business firms say this is a cumbersome procedure and suggest that buyers of taxable items for further manufacture should get a registration number from the Treasury and merely use this number on their order forms in making tax-exempt purchases. This, they say, would keep track of the transactions without the bother of exemption certificates.

Many businessmen report difficulty in getting refunds from the government when a tax has been erroneously paid or overpaid. To get a refund, a businessman must show either that he never passed the tax on to a customer, that he will give the customer the benefit of the refund or that he has the customer's permission to keep the refund himself. Industry is generally backing an American Bar Association proposal to require refunds simply on proof that the claimant actually paid the erroneous or excessive tax.

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TAX OUTLOOK *continued*

country and abroad face a particular problem. The law exempts articles going abroad from excise tax, but specifies that, to avoid the tax, the exporting firm must state at the time it buys the article that the article is destined for export. If the firm buys an item for domestic sale, paying the regular tax, and then exports it, there is no refund.

One accountant testified that his client offers about 3,000 items for sale here and abroad. When putting in his inventory, he has to tell his suppliers how much of each taxable item is to be sold abroad and therefore should be shipped to him tax free. If it develops later that he has underestimated his foreign sales, he gets no refund on the taxes he paid on items bought for domestic sale but channeled into the foreign business. If he overguesses his foreign sales, however, and sells some of those items here at home, he must make a special return to cover the taxes due on them. He and others are asking for a refund procedure that will end this one-way street.

Manufacturers who distribute their products directly to retailers, bypassing a wholesaler, assert the excise system discriminates against them. The manufacturer's excise tax is levied on the manufacturer's selling price, whether he sells to a wholesaler or directly to the retailer. A subcommittee witness explained that, under this ruling, if a manufacturer of television sets sells a set to a wholesaler for \$175 he pays a \$17.50 tax, although the wholesaler sells the set to a retailer for \$220. A competing manufacturer distributing the products himself sells a similar set to the retailer for \$220, and must pay a \$22 tax. He has paid \$4.50 tax more than his competitor for the privilege of direct distribution.

Some manufacturers want to give the Treasury authority to fix an artificial price on which to levy the tax in the case of manufacturers selling direct to retailers. This would match the price at which he would sell to wholesalers if he used them.

The decision of the House subcommittee to look into the excise system brought a flood of demands for special exemptions. While Congress and certainly the Treasury are inclined to be cool to many of these requests, some probably will go through.

The Boy Scouts would like to have their pins exempted from the jewelry tax and their knapsacks ex-

empted from the luggage tax. Some religious jewelry—that considered primarily for display—is still taxed, and there is pressure to exempt it. Hospitals, museums, parochial schools and many other types of institutions ask broad exemptions on their purchases. Railroaders say their watches are part of their working equipment and should be tax-free. The American Automobile Association is pushing an exemption for cars loaned to high schools for safe-driving courses.

The Forand subcommittee probably will follow this procedure in deciding just how far excise tax revision should go next year:

1. It will make a list of all the changes that seem sound and desirable.
2. It will arrange these changes on a priority basis, with the most needed ones at the top of the list.
3. It will figure out the likely revenue loss, if any, which each change would cost the Treasury.
4. It will decide how much of a cut in federal revenue can be afforded in the form of relief in the excise field. (Subcommittee members feel any good overhaul would cost at least \$100,000,000 in incidental relief; they also feel the cost should not be permitted to go over \$200,000,000.)
5. It will start at the top of its priority list and put desired items into the revision bill until the allowable revenue loss has been used up. Other revenue-cutting items will have to wait.

Once the subcommittee has its proposals worked out, the plan must weather the Ways and Means Committee, the House, the Senate Finance Committee, and the Senate. But when the job is done, business is likely to find itself presented with an overhaul of the technical provisions of the excise system almost equal in magnitude to the big 1954 revision done on personal and corporate income tax provisions.

The subcommittee and Congress will not approve all the changes asked by business. In some fields, the Congressmen don't agree that business complaints are valid. In others, relief would be too costly at this time.

In a few cases, the subcommittee may even recommend changes that stiffen present law. For example, it is more likely to recommend that transistors be taxed than that vacuum tubes, with which they compete, be exempted.

Present indications are that high on the subcommittee's list of steps to ease excise burdens will be a de-

tailed enumeration in the law of the items subject to tax, especially in the retail field. This listing would replace the present broad categories. Items not listed would be tax free, except that the Commissioner of Internal Revenue might be given the power to add to the list, after full notice and hearings, as new items come on the market. So that Congress would keep control of its taxing powers, this authority might be provided under congressional veto machinery such as now applies to government reorganization plans. That is, the commissioner's proposed changes would be sent to the Capitol, the lawmakers would have 60 days in which to veto them, and failure of Congress to act would permit the changes to go into effect automatically.

The lawmakers are almost certain to recommend that the Internal Revenue Service publish more of its rulings in the excise field. Subcommittee members think such a recommendation is advisable even though the detailed listing of taxable items should cut down much of the present confusion. Internal Revenue says it has already stepped up its publication program, with 472 published rulings in the past 30 months compared to 319 in the previous 20 years. But businessmen say this is still not enough.

So far, the lawmakers have shown little enthusiasm for the idea of giving the Tax Court authority to review excise rulings.

Some staff experts are considering making a recommendation for a special independent excise tax review unit high in the Internal Revenue Service.

In another important field, the subcommittee is likely to look with favor on measures to simplify procedures for making tax-exempt sales. At the least, it will probably require that the special exemption certificates be filed only quarterly or annually instead of monthly. Or it may even approve the simpler registration number system. It is also likely to set up a simple refund procedure for exporters, requiring a refund on mere proof of exporting.

Considerable congressional approval has been shown for a plan to permit refunds of excises paid on goods destroyed by flood, fire or other disaster before sale. Other items likely to be well up on the subcommittee's priority list are clarification of the provisions on rebuilt machinery, a limitation on the amount of tax paid on rentals of business machines and truck trailers, and acceptance of an industry-backed revision of present liquor excise provisions.—CHARLES B. SEIB

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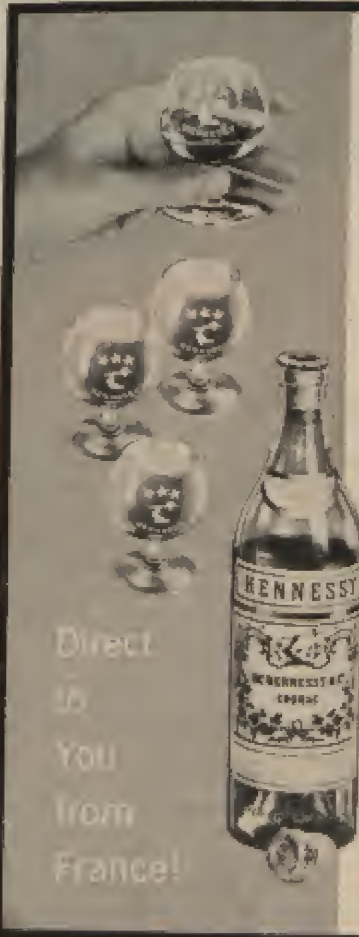
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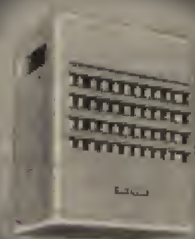
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Escapee flood shows new Red pressures

Near-record numbers of refugees are fleeing the communist zone of Germany. This tells why and explains what the Soviets may do about it

JULY	14,493
AUGUST	25,690
SEPTEMBER	28,183
OCTOBER	32,824
NOVEMBER	25,963



NEW and deep-seated communist troubles in the Soviet Zone of Germany are revealed by the growing number of men, women, and children fleeing to the free sector.

How the Soviets will handle this problem can profoundly influence the strategic and budgetary planning of NATO, West Germany, and the United States.

East Germany has already taken some steps to reduce the exodus. More vigorous measures are expected soon.

Almost 1,000 persons a day have been fleeing through the German Iron Curtain—more than twice the daily average of last spring. The '55 total exceeds all years except 1953.

Most cite the hard life under communism and fear of an expanded

and reorganized East German army as reasons for leaving.

The booming economy of West Germany is another significant factor. Among the new escapees are many young people of working age.

The tide of escapees began to swell in July when 19,493 persons crossed from East Germany. In August, the total was 25,690; in September, 28,183; in October, 32,824. New restrictions on travel trimmed the November total to 25,963.

Last February's figure was 12,500.

A new category of refugees appeared in October, according to the German Refugee Ministry, when a number of German war prisoners released in East Germany by Russia continued on to the West sector.

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ESCAPEE FLOOD

continued

side makes East Germany the only country in Europe—on either side of the Iron Curtain—with a falling population. In 1946, Soviet Zone population was 17,314,000. Today it has dropped to 16,840,000.

The danger to which escapees are willing to expose themselves today reflects a new and swelling tide of unrest and uneasy feelings about Soviet intentions concerning the future of East Germany.

Significantly, most of the new refugees tell of a growing fear in East Germany of almost certain draft into the East German Red army, to be reorganized and expanded as the Soviet answer to the formation of West German forces into NATO.

Of today's escapees, 55 per cent are young people, age 25 and below. That is more than four times the number in this age group who fled the communist zone last spring, when Soviet sweet talk was more fashionable.

Recently the German communist officials have imposed stricter measures to stop the exodus.

► Police are questioning all those under 25 on trains going to Berlin. Many, without sufficient reason for traveling, have been arrested.

► High government officials have warned that young people attempting to escape will be considered guilty of treasonous conduct.

► The East German Communist Party announced recently that whoever leaves the Red zone will be considered to have committed "an action against peace."

► All employees of the East German Ministry have been asked to avoid travel in West Germany.

► East Berliners employed in government or in key economic posts "may visit West Berlin only with the approval of their superiors."

► East German vessels have been forbidden to dock in free world ports, even in cases of emergency.

► Soviet civilians living in East Berlin may have no currency except that of the Communist zone. Nor may they travel in the free zone or have anyone buy goods there for them.

German youths tell of increasing pressures on them to join or promise to join the army. High school graduates, for example, are not given diplomas until they promise to join the People's Police.

Meanwhile, those who previously had been forced to join the People's Police are defecting to the West in large numbers. In October, for example, 562 Vopos, or members of the communist People's Police

(Volkspolizei), fled to the free world.

Besides losing members of the police, as well as potential conscripts for the Red army, regime leaders also are worried about the number of industrial workers fleeing to freedom. About 40 per cent are of this category. They cite poor working and living conditions in the Russian zone, as well as increasing pressure for higher production.

Other reasons given for leaving the communist zone include:

► New and more severe restrictions on the practice of religion.

► Food shortages expected this winter. Farmers are particularly aware of this. Among October's escapees were 1,640 agriculturalists and farm workers.

► Increasing pressure to accept and teach the communist line. Teachers revolt at the stepped-up pressure to spell out communist propaganda with more clarity and emphasis.

Overshadowing all, however, is fear of Soviet plans for Germany. This fear was intensified recently when V. M. Molotov, at Geneva, said Russia would remain unyielding in her position to rejoin the split sectors of Germany.

Flight to freedom is not easy. A housewife, describing her recent escape, said the most terrifying moment of her life was the instant she put out her finger to test the first barbed wire for electricity. Only after several frightened seconds did she realize that it was not charged. Then calmly she led her children through the entanglement.

Most, however, escape through Berlin. There it is comparatively simple, although those who do are now under greater scrutiny since the current big rush to freedom began.

Elsewhere, Soviet satellites are protected by frontiers cleared of trees, brush, and stumps. Barbed wire barriers are erected. Land mines, signal rockets, and other detection devices activated on contact, also make escape difficult.

The U. S. Information Agency reports that the Czech border, at several points, is protected by simulated border markers. These have been placed inside the actual Iron Curtain. Persons may successfully negotiate the wire entanglements, elude observation from guard towers, perhaps even escape the dog patrols. Approaching a guard in the uniform of a West German, the escapee asks for asylum only to learn that he has surrendered to those from whom he was fleeing.

Escapees face death or long prison terms if caught. Relatives and friends, even persons presumed to have known of escape plans, may be

imprisoned. Relatives and friends of those who left legally, but failed to return, may also be punished.

After arriving in the free world, each refugee is carefully screened to eliminate spies, criminals, and other undesirables. Then each is taken to a camp and given a kit which includes soap, razor, toothbrush, toothpaste, and other personal items. Separate kits are provided for men, women, and children (6,642 children up to age 18 were among October's refugees). Clothing and bedding are issued.

Camp facilities include tools and shops to provide work for refugees. In some camps counselors help each refugee plan for his or her future. Training is given in such things as auto repair, carpentry, metalwork, welding, blacksmithing, tailoring, dressmaking, radio and electronics.

Meanwhile, many jobs are aimed at making the refugee camp as self-sufficient as possible—laundries, for example, and shoe repair shops. In addition, languages are studied by non-Germans in preparation for possible emigration.

Health is watched closely. Tubercular cases and others requiring special attention are isolated. Mobile medical, dental and X-ray units serve most camps.

Most German refugees settle in West Germany, often with friends or relatives. Helping out with resettlement problems are such organizations as the World Council of Churches, National Catholic Welfare Conference, American Friends of Czechoslovak Refugees, International Rescue Mission, and others.

Non-German refugees may settle elsewhere than on the continent. Over the three-year period just ended, for example, the U. S. took 11,047; Australia, 2,992; Canada, 2,857; Latin America, 2,710. Another 1,874 emigrated elsewhere.

Just when the flow to freedom will end, government officials cannot say. John Foster Dulles, Secretary of State, said recently that 2,704,680 have left East Germany since the end of World War II.

That equals one sixth of that zone's end-of-the-war population. It means, possibly, that not a great many more can be expected.

The outlook is for international tensions to increase, now that Russia's big-smile attitude has faded. The Iron Curtain, said V. M. Molotov recently, is here to stay. As long as tyranny remains, oppressed peoples will try to escape.

And they will, too, as long as there is a housewife, however terrified, who has the courage to reach out and touch a barbed wire which could electrocute her.

END

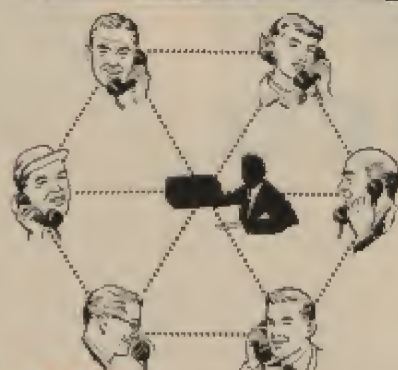
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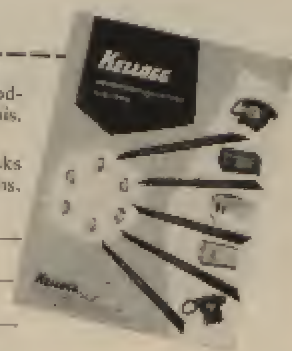
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MANY issues involving everyday dealings by businessmen with unions are pending in the courts. Can you tell us what they're about?

They involve several kinds of situations which confront both businessmen and unions and, of course, also concern the rights of individual workers. Some involve strike tactics, passing out union literature on company parking lots, giving union wage negotiators information about company finances, giving unions a voice in a company's stock purchase plan, and dealing with a communist-dominated union.

What strike tactics do you mean?

Various kinds, such as putting pressure on an employer during negotiations by resorting to slowdowns, quickie strikes and extended rest periods. The Personal Products Co., for instance, complained that the union was disrupting production by instigating slowdowns and walkouts to put pressure on the company for a favorable contract without a formal strike. The union was charged with not bargaining in good faith and the National Labor Relations Board decided that the union was violating the law. The Court of Appeals for the District of Columbia, however, refused to enforce the Board's order which directed the union to cease such tactics. According to a majority of this three-man court, this kind of harassment by unions is consistent with the right to strike. We hope the Supreme Court will review this.

What about striking before a contract expires?

This question has several aspects. One is whether a union may strike when it has a long-term contract with the right to reopen the contract on wages, say, after one year.

A union struck Lion Oil Co. at the time of such a wage reopening, and the company would not take back some of the strikers because it believed the strike was illegal. The Board ordered the strikers reinstated, taking the position that the strike was legal because the contract permitted reopening and the 60-day notice of Taft-Hartley was complied with. The Court of Appeals in St. Louis held, however, that the union could not strike until the contract had expired, and that the strike was therefore illegal. We have asked the Supreme Court to clarify this situation. A different aspect is involved in the Mastro Plastics case.

What aspect is that?

Workers struck the Mastro Plastics Corp. without waiting out the 60-day notice period. The union felt it was justified in striking without notice because, as the board later found, the company provoked the strike by

STRIKE QUESTIONS WILL BE CLARIFIED

Here's where courts stand on quickie strikes, slowdowns, hot cargo, noncommunist oaths, free speech and other labor issues



An interview with **Theophil C. Kammholz**
General Counsel National Labor Relations Board

engaging in an unfair labor practice. Some of the strikers were discharged. The Board agreed with the union that they could legally strike under such circumstances within the 60 days and directed the company to reinstate the strikers. The Court of Appeals upheld the Board's position and the company appealed.

Does the Taft-Hartley law protect strikers who engage in violence?

No. Employers generally may refuse to take back strikers who destroy company property or commit other violence. In fact, in one of the cases we will argue in the Court of Appeals in January, the Board declared that a company—in this case B. V. D. Co.—did not have to take back strikers who, although not found personally guilty of violence, continued to participate in a strike in which there was much violence and who did not repudiate or disassociate themselves from the violent acts.

What other strike questions are pending?

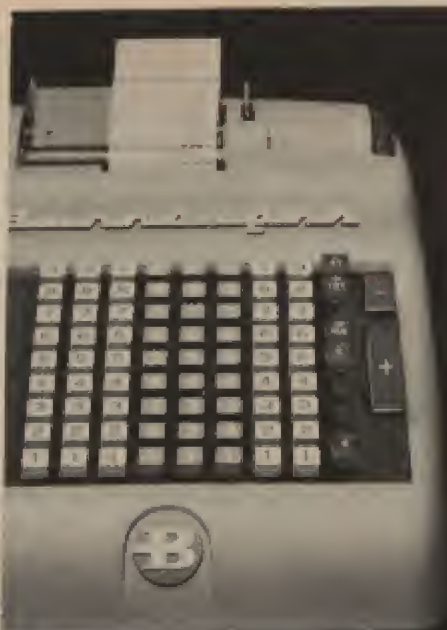
Some companies have sought to protect themselves against strikes to which their employees may not be sympathetic by requiring a strike vote under the union contract. One such company was Allis-Chalmers. When the union protested that requiring employees to vote approval before they could strike was not a proper bargaining issue, the Board agreed with the union—that the company was in effect trying to circumvent the union and deal directly with the employees. But the Court of Appeals in Chicago upheld the company's right to try to get a strike-vote clause in its union contract.

Now the question has come up again, this time involving Borg-Warner's Wooster Division. The Board took the same position as in the Allis-Chalmers case. But this time the decision will be reviewed by the Court of Appeals in Cincinnati. If that court's view differs from the other court's, the result may be a conflicting situation for final resolution by the Supreme Court.

What about passing out union leaf-

NLRB General Counsel Theophil C. Kammholz is the key government official administering the Taft-Hartley Act.

The 46-year-old former Chicago attorney handles all court litigation involving decisions by the five-member Board, supervises union representation elections, and exercises final authority on the issuance of unfair labor practice complaints against unions or employers.



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lets on a company's own parking lots?

This situation usually arises when a union is attempting to organize a plant where workers drive to and from work and park in the company lot. The issue is coming up more frequently as more companies move into the outskirts of cities. The general rule has been that employees may pass out union literature on parking lots where the conditions make it otherwise impracticable to contact employees. The feeling is that to deny this privilege would interfere with the workers' right to organize.

But what about union officials who are not employees?

In three recent cases—Seamprufe, Ranco, and Monsanto—the Board has held that the companies may not deny this privilege to such union officials if there is no interference with plant operations. Two Courts of Appeals disagreed with the Board's position in the Seamprufe and Monsanto cases, but a third upheld the Board's view. The Supreme Court is now considering this question.

Do companies have to disclose their financial condition to unions?

The Board's rule, generally upheld by the courts until recently, is that when an employer cites inability to pay as the reason for not acceding to a union's wage demands—or for wanting to reduce wages—he should produce some evidence of his inability to pay, although he need not prove it. Recently, however, the Court of Appeals in Richmond, Va., disagreed with the Board's position in a case involving Truitt Manufacturing Co. Here again we have conflicting court decisions which the Supreme Court's review of the Truitt case may clarify.

Do unions have a voice in stock purchase plans?

The question there is whether a union has a right to bargain over an employee stock purchase plan which the company had set up and was administering on its own. The Board decided that the opportunity to buy stock at a reduced price was a financial benefit to the worker over which the union should have a right to bargain if it so desires. It so held in a case involving Richfield Oil Co. The company takes the position that the sale of stock, since it involves company ownership, is a company prerogative with which the union may not interfere. It has asked the Court of Appeals to upset the Board's decision.

What's new on secondary boycotts and hot cargo contracts?

That situation has been changing. A hot cargo clause is one in which an employer, often a trucking firm,

agrees with a union that his employees will not be required to handle goods which are designated by the union as unfair or hot—because they came from a struck plant or were made or handled by nonunion workers or for other reasons.

The Board first held by a three to two vote that such contracts were legal and enforceable. Later the Board took the position that an employer could repudiate the clause by directing his men to handle so-called hot cargo. Last summer the Board held that a hot cargo clause was not a defense to illegal activity, that it did not protect anyone engaging in a secondary boycott. The meaning of the Taft-Hartley Act on this point has not finally crystallized.

Are any important cases pending involving employers' free speech?

Not right now, although one court last summer backed with rather strong language the Board's present position (see box below). Originally the Board felt that any questioning of employees about unions was illegal. A year ago, in the Blue Flash Express case, the Board modified this view. It decided—and this view now prevails—that interrogation of employees is not unlawful where the employer says or does nothing to give the employees a rea-

WHY AN EMPLOYER MAY SPEAK FREELY

This statement by the U. S. Circuit Court of Appeals at San Francisco, in a decision involving Roberts Bros., is cited by Mr. Kammholz as a concise expression of present thinking on employer discussion of unionism with employees:

"Some 20 years ago when the war over the unionization of industry was at the critical stage, employees might well and with good reason have feared to reveal their union sentiment and might well have been swayed one way or another by an employer's statement as to his position on the subject.

"Now, labor and industry speak with equal dignity and it requires something more than mere suspicion to read coercion into an employer's speech which, upon its face, is in all respects within the proprieties.

"We think it is no longer proper to assume that the American employee is a craven individual afraid to stand up and express himself freely on the subject of his own welfare."

sonable basis for believing that he might resort to reprisals against the workers for supporting a union or promise them benefits for resisting unionism.

What is the problem with communist-dominated unions?

Despite various steps we have taken, we have been unable to disqualify any union which has filed noncommunist affidavits from utilizing the Taft-Hartley law. As things now stand, one court has told us we can't disqualify the Fur and Leather Workers Union, which filed the necessary noncommunist affidavits, even though the president, Ben Gold, was convicted of filing a false affidavit, and another court, because of Mr. Gold's false affidavit, has refused to enforce our order that the Lannom Co. bargain with the union.

The Board sought to disqualify the Mine, Mill and Smelter Workers after finding that one of the union's top officials had filed an admittedly false noncommunist affidavit. The court said the Board may not examine an affidavit as to its truth or falsity. As long as an affidavit is filed, true or false, we must accept it. If it is false, Taft-Hartley provided that the signer is subject to possible criminal prosecution by the Department of Justice for making a false statement to the U. S. government.

Where does that leave you?

For the first time we are now in a position where, because of conflict in the Circuit Courts, an issue is presented for possible Supreme Court review. We hope that the Supreme Court will clarify the situation to enable the Board to deny its facilities to communist-dominated unions.

Would legislation be helpful in this situation?

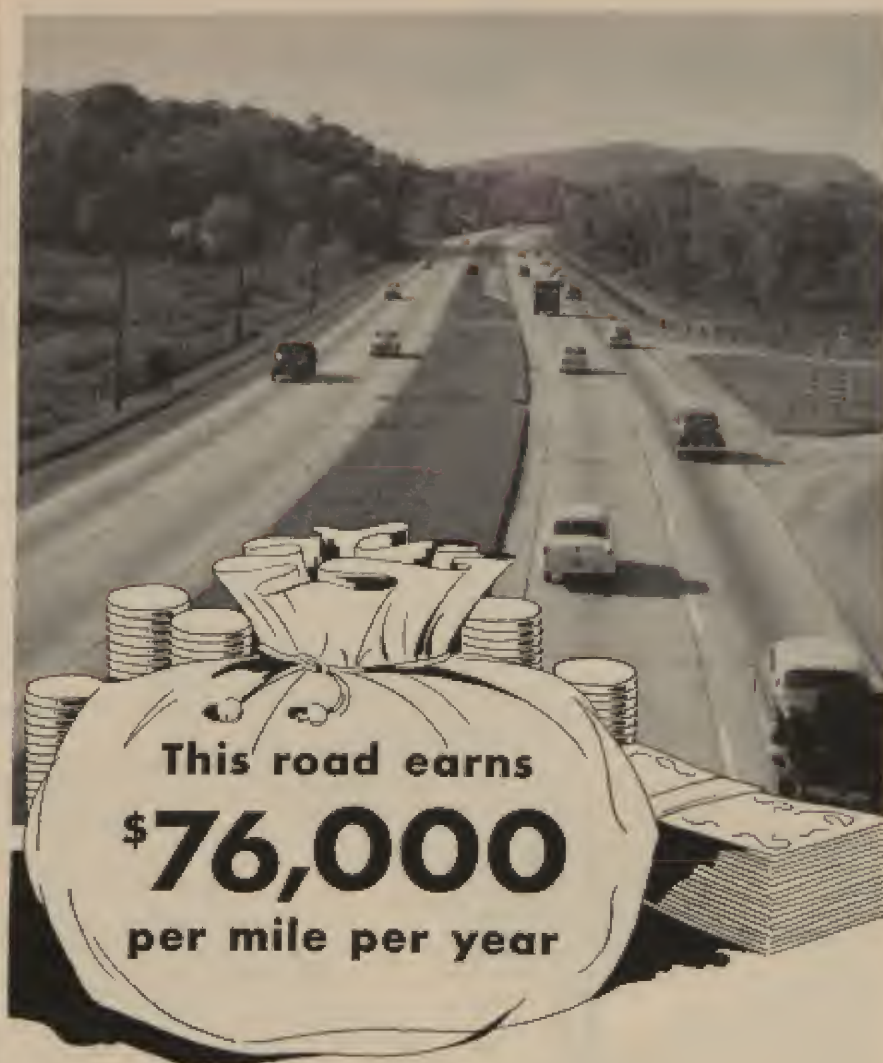
Yes indeed. The basic problem has been one of congressional intent. It can be resolved either by clarification from the Supreme Court or by further action of Congress clarifying the language of the law.

Isn't the Subversive Activities Control Board also involved in this problem of communist-dominated unions?

Under the Communist Control Act of 1954, a union—or any company, too—is to be deprived of all rights under Taft-Hartley whenever SACB finds that it is communist-infiltrated and our Board receives a final order to that effect.

Might that solve your problem?

Yes, the NLRB would deny the benefits of Taft-Hartley to any party found to be communist-infiltrated under the Communist Control Act. I would like to note, however, that



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STRIKE QUESTIONS

continued

the constitutionality of that Act was just argued in the Supreme Court in November.

Has SACB begun action against any union?

Proceedings are pending against the Mine, Mill and Smelter Workers.

How many unions have noncommunist affidavits on file?

Latest available figures show affidavits from 228 national and 19,386 local unions.

How many union officials?

More than 2,350 national and 174,400 local officers.

Do all unions file affidavits so they can use the Taft-Hartley law?

Some do not. For example, the United Mine Workers and the International Typographical Union. As a result, they can't bring unfair practice charges against employers

or seek representation elections from the Board. However, it has never been alleged, to my knowledge, that their not filing affidavits is in any way related to communism.

What has the Board done about possible communists on its staff?

Since 1953 the agency has essentially followed the personnel security procedures of the Department of Justice. But as you know, the NLRB is a two-headed agency, with the general counsel's office on one side and the five-member Board on the other. To provide a single source of responsibility on security matters it was agreed that the final determination on all security matters would be made by the Board itself.

Have some staff members been removed on security grounds?

Yes, a few.

What about resignations?

Seventeen employees having derogatory information in their files

IN THIS INTERVIEW, Mr. Kammholz discusses issues pending in the courts involving application of the Taft-Hartley Act. Here are important pending labor issues involving other laws:

Right to work—The Supreme Court is considering whether railroad employees may be forced to join a union in one of the 18 states which prohibit compulsory unionism. The Railway Labor Act authorizes union shop contracts irrespective of any state law forbidding them. The Nebraska Supreme Court, holding that the federal law may not override the state right-to-work law, found union shop agreements between Union Pacific Railroad and several unions to be invalid. (Right-to-work laws have been upheld with respect to workers under Taft-Hartley, which specifically gives precedence to the state laws.)

Discharging a communist—The Supreme Court is considering the right of an arbitrator to order the rehiring of an employee believed to be a Communist Party member and discharged for that reason. The California Supreme Court held that such an order, involving a plant producing antibiotics for the military, was against public policy and therefore illegal and unenforceable.

Pay for clothes-changing—The Supreme Court is reviewing a lower court decision that time spent changing clothes and showering in a chemical plant should be counted as time worked and compensated for under the federal wage-hour law. The lower court held that cleaning up after work was an "integral and indispensable" part of the workers' principal activity in the chemical plant involved because of the serious job hazards.

Pay for knife-sharpening—The Supreme Court is reviewing a lower court finding that employees in meat-packing plants should not be paid for time worked sharpening knives before or after their day's work. The lower court found that pay for such work was not required either by custom or the union contract.

National industry minimums—The Supreme Court is being asked to upset a lower court decision to the effect that the Secretary of Labor may set national minimum wages which employers in some 60 industries must pay for work on government contracts. Southern cotton manufacturers contend that minimums must be set by localities, not nationwide. A national minimum of \$1 an hour was set in the cotton textile industry in 1953. Minimum wages above \$1 have been set in some 15 industries.

resigned before any determination was made as to whether they were security risks.

What about accusations by a former NLRB staff member that he was a member of a communist cell in the agency?

The man who is reported to have made these statements left the Board's employ nearly seven years before I took office as general counsel last March. I have no firsthand information as to these accusations. Of course, communists and other subversives don't advertise their meetings or their members but if I ever find a communist or other subversive on my staff he will be promptly removed.

Is there any trend of how decisions involving the Board have been going in the courts?

There is no discernible trend. However, when I took office last spring I became concerned about the substantial percentage of cases we were losing in the courts.

What was the percentage?

About 22 per cent of our decisions which went to court were set aside, 55 per cent were fully enforced, and an additional 16 per cent only partially enforced during our past fiscal year. The rest were referred back to the Board for further reconsideration.

Is that a poor record?

Let's put it this way: I'm not satisfied with that record. You must remember, however, that we operate in a volatile field in which conditions do not remain static and decisions involve close questions.

Are you doing something about it?

I have designated a task force of experienced lawyers and officials to appraise our court record. We hope the findings will help in our administration of the Taft-Hartley Act.

Are you searching for a pattern in the cases you are losing?

Yes, that is one of the areas of the task force's operation. The group has been assigned to study not only our record of wins and losses in the courts, but also our record in prosecuting cases before the Board itself with the view toward recommendations which will improve our future record.

Might you decide to prosecute fewer cases of alleged unfair practices?

The task force is considering the total problem—not only from the point of view of whether we may be engaging in a certain amount of unnecessary litigation, but also whether we are doing the job as well as it can be done.

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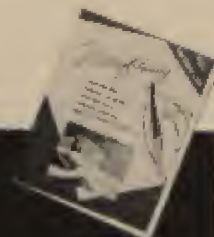
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setting right ideas
in motion . . .
a job for you
in your community

BUSINESS needs spokesmen — informed, articulate spokesmen — to set right ideas in motion about free enterprise.

Business needs men who can build a better public understanding of economic policies and issues that affect our free-market economy.

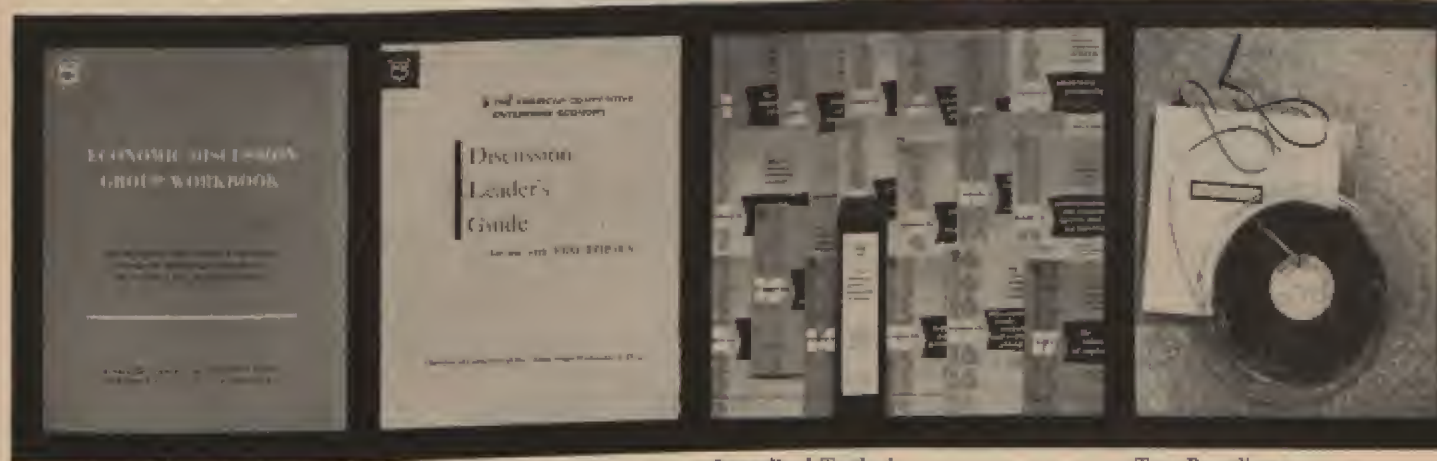
Business needs men who can explain clearly how the American profit-and-loss system works — and who can show convincingly why this system is worth preserving and strengthening.

THE Chamber of Commerce of the United States has developed a plan for training and educating able spokesmen for business — a plan, really, that gives them an opportunity to train themselves. The plan is practical and simple. We think you will like it. Here it is:

FIRST *the National Chamber helps local chambers, trade associations, colleges, universities and business firms to set up Economic Discussion Groups.*

Each Discussion Group is made up of business, professional and civic leaders. Or it may be made up of the management personnel of a single company. The members of each Group meet once a week — usually over a period of 17 weeks — to learn the fundamentals of free enterprise, and to learn how to express themselves more effectively on this subject both in conversation and before an audience.

SECOND the Chamber makes available to each Economic Discussion Group a kit of working tools:



Workbook

Leader's Guide

Streamlined Textbook

Tape Recordings

1. **Workbook**—The first working tool is an "Economic Discussion Group Workbook" which shows precisely the steps to take in organizing a successful Study Group.
2. **Leader's Guide**—The second working tool is a "Discussion Leader's Guide" which shows how to keep the class sessions moving along, and how to keep them interesting, lively and constructive.
3. **Streamlined Textbook**—The third working tool is a streamlined Economics Primer entitled "The American Competitive Enterprise Economy." This Primer was prepared by the Chamber's Economic Research Department. For convenience it is published, not in a single volume but as a set of 17 compact, readable pamphlets, each of which deals with the basic principles of one important aspect of our free-market economy.
4. **Tape Recordings**—The fourth working tool is a series of 17 tape recordings which are called "Eco-Topics"—and which tie in with the 17 chapters of the Economics Primer. In the first part of each recording, two people, each with his own views about free enterprise, engage in a spirited conversation. In the second part of the recording, an expert analyzes the divergent views, and suggests ways in which misconceptions about the American system can be corrected.

THIS plan for training spokesmen for business works. It is taking hold all over the country. Those who have participated are enthusiastic about the good they have got out of their Economic Group—for themselves, their organization and their community.

Why not set up an Economic Discussion Group in your community? We are ready to help you do so. For full information, write:

ECONOMIC RESEARCH DEPARTMENT
CHAMBER OF COMMERCE OF THE UNITED STATES
Washington 6, D. C.

How to save \$ 5,500,000,000

Here's what you should know
about inefficient government operations
revealed by the Hoover Commission

CITIZEN action on eight simple policies can save the country \$5,500,000,000 through more efficient and less expensive government, a balanced budget and lower taxes.

These improvements would follow administrative and congressional action putting the recommendations of the second Hoover Commission into effect.

Chief obstacles to adoption are three:

► Public apathy: "Things will take care of themselves just as they always do."

► A sense of futility: "The opposition is too strong and the people are too lethargic to fight."

► Demagoguery: "Bureaucrats and special beneficiaries of government services will fight to keep what they have."

The sheer volume of the report is, perhaps, an obstacle in itself. It is monumental and covers a wide range of subjects. Fortunately, these subjects are basically only eight. A voter who understands these eight is prepared to take his part in discussions of the report and in working to put its recommendations into effect. Before doing this he will want to be assured that the report is objective, and prepared by qualified people.

The Hoover Commission spent two years studying the operations of

the federal government. It was assisted by 200 business and professional men, all experts in their particular lines.

The first Hoover Commission in 1948 and 1949 concentrated its efforts on proposals for improving the ways the government did its job. It did not go into the matter of what government should be doing.

The second Hoover Commission took a critical look at a great many government functions and activities. It examined them to see whether there were activities in which the government should not be engaged—things which it should not be doing at all. It found various activities in this category. It found others which should continue on a smaller scale. In some cases—such as its report on "Research and Development"—it recommended expansion of government activities.

All told, the Commission submitted 18 reports dealing with specific government operations.

These reports dealt with a broad range of activities, all the way from lending agencies or public power activities to such general problems as "Business Organization in the Department of Defense," or the government's "Budget and Accounting System." These reports contain 314 specific recommendations. Of these:

141 can be put into effect by administrative action—simply by decision of the agency heads, or the President, or both.

122 will require specific legislation.

HOOVER COMMISSION REPORTS SHOW WAY TO:



*more efficient
government service
management*



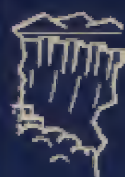
*revised medical
care program
for veterans*



*better business
management in
Defense Dept.*



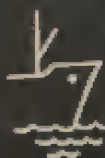
*get government
out of
business*



*reduce waste
in water resources
and power*



*better federal
fiscal
management*



*more efficiency
in administration
of foreign aid*



*more efficient
handling of
special services*

51 require action by both Congress and the administration.

Already, 230 bills have been introduced. Because of duplications, they deal with only 130 recommendations.

No bills have been introduced as yet for the other 43 recommendations which require legislative action.

With the first Commission the legislative job was comparatively simple. Bills for Commission recommendations were referred to only two congressional committees.

Nine Senate committees and 11 House committees will deal with legislation growing out of recommendations made by the second commission.

Following 300 or more bills covering 173 recommendations through 20 congressional committees seems, at first glance, to be a formidable undertaking.

However, all the Commission recommendations can be boiled down into eight major areas—eight ways the federal government can save your money.

The first of these is better business management in the Department of Defense. Four Hoover Commission reports deal with this subject. They involve handling and disposal of surplus government property, proper procurement of federal food and clothing, more effective utilization of depots and other warehouse and storage space, and better management of the business operations of the Department of Defense, particularly procurement—with a view to establishing more realistic requirements and more efficient ways of getting common use items needed by our Armed Services. Commission experts estimated a gross saving of \$3,000,000,000 from adoption of these recommendations.

The second area is better federal fiscal management. Here the Commission proposed that the government adopt accrual accounting which private business has used so successfully for many years; that it abandon the system of carryovers of appropriations from one year to the next, and that it turn to performance budgeting as a better way of finding out how to plan operations and budget costs. The Commission estimated a \$4,000,000,000 saving here.

These, incidentally, are gross savings estimated for each of the different groups of recommendations. There is considerable overlapping. Mr. Hoover figured that with duplications eliminated, the total net saving would be about \$5,500,000,000 a year if all the recommendations were adopted.

The third item is more efficient government service management.

Here the Commission estimated that \$522,000,000 in savings would result from improvements in the government's personnel administration policies; from a management program which would eliminate useless paperwork, and from better and more coordinated and efficient management of the government's real property holdings.

The fourth way is to get government out of business—that is, to get it to stop activities of a commercial and industrial nature which compete with private enterprise. The reports on lending agencies, on transportation and on business enterprises call for a program in this field which would save from \$500,000,000 to \$600,000,000.

The fifth group of recommendations called for more efficiency in administration of foreign aid. The Commission's report on Overseas Economic Operations would achieve a saving of \$360,000,000 through more careful appraisal of foreign economic assistance programs, reorganization of their administration and better integration of the foreign aid programs with the work of other government agencies.

Sixth, the commission estimated savings of \$290,000,000 in Federal Medical Services. This report calls, among other things, for revision of the program of medical care for veterans who cannot afford to pay the cost. This is one of the more controversial Commission reports. The Commission believes that some veterans' hospitals are surplus, and that further study should be made to see which ones should be closed.

The seventh group of proposals would reduce waste in programs for water resources and power.

This is another controversial report, because it would cut back federal steam power undertakings as adjuncts to water power projects, and because it proposes that various navigation and irrigation projects should have full economic justification before they are undertaken.

The Commission did not estimate total dollar savings for this program, but obviously large sums would be saved.

The eighth area is more efficient handling of special services. Here again the Commission did not compute total savings; this time because it was mainly concerned with better public service than with economy. It proposed considerable reorganization of the government's activities in foreign intelligence. It recommended a thorough revision of the activities for research and development being handled by the Department of Defense, and an expansion of basic research operations. **END**

invest with CONFIDENCE



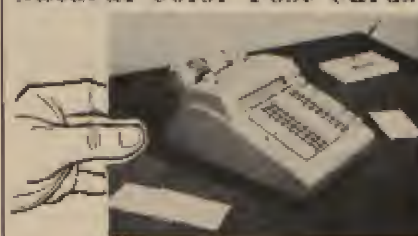
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NATION'S BUSINESS
Washington 6, D. C.

SECRETARY DULLES

continued from page 27

policies must be sustained. If ever we relax, then the danger of war will quickly reappear, and Soviet tactics probably revert to those of brutal, direct action.

For the time being, it seems that Soviet leaders will seek to pursue their ambitions by means other than the use or threat of open force.

Apparently, their present design is systematically to exploit situations where free world countries seem divided by historic disputes. There are, for example, the controversy between Israel and the Arab states; the controversy between India and Portugal with reference to Portuguese areas in South Asia; the controversy between India and Pakistan with reference to Kashmir; and the con-



trovery between Afghanistan and Pakistan with reference to Pushtunistan.

In such situations, the Soviet rulers seem to be adopting the policy of stirring up these controversies by inciting hatred and by offering to help one side against the other either with arms, economic aid or political support.

Apparently, the Soviet rulers hope in this way to stimulate free world nations to a conflict from which the Soviet Union could hope to profit.

To be a merchant of international hatred is, perhaps, one degree less bad than to be a merchant of death.

I do not believe that these tactics will prevail. The will and resourcefulness of free men that have frustrated the former Soviet communist tactics are capable of frustrating this new effort. The political leaders of the countries of the Middle East and South Asia are men of experience. Most of them have won notable political successes for their own countries.

They know that their countries have long been targets of Soviet policy. Lenin and Stalin have openly taught that nationalism is to be ex-

ploited as the means whereby what the Soviets call the colonial and dependent peoples may be ultimately amalgamated into the Soviet bloc. Also, most of the peoples concerned, while they are human and subject to emotions, have a religious faith which emphasizes the supremacy of love over hate.

The United States is well equipped to help to meet the present Soviet tactics, wherever that help is acceptable. Our nation has historically been dedicated to independence for all nations and to liberty for all men. That concept, embedded in our Declaration of Independence, is one which the American people have been carrying around the world since our nation was founded. Today we have operating programs for technical assistance, economic aid and cultural exchange with many nations, including most of those now being subjected to the strains of the new Soviet tactics. The total of what we are doing and planning in these fields far exceeds any known plans of the Soviet Union or any plans which seem likely in view of the fact that the people of the Soviet Union and of the satellite countries are already being forced to live on a low standard.

Also, all that we do is designed to promote conciliation, and not hatred, as between men.

We can face 1956 with confidence in the resourcefulness and vigor of our nation in partnership with that of others. During 1955 we and our free world allies finally brought the Soviet rulers to recognize that their tactics of open force and intimidation were nonproductive. Now they have shifted to new tactics, which though no less evil are less violent. Equally, in the years ahead, we can cause the Soviet Union to abandon the evil aspects of the new tactics which they seem now to be trying out.

In the meantime, we push forward, not merely responding to Soviet maneuvers, but moved by an affirmative purpose to show, by conduct and example, the rich fruits which freedom can produce. In 1955, for example, the Eisenhower Atoms for Peace Plan began to get into operation and in 1956 it will fruitfully unfold.

It will be our unfailing hope and our constant effort through our bipartisan foreign policy to help to make freedom more secure and more productive, wherever freedom now exists; and to make that freedom a force for the peaceful liberation of those people to whom freedom is yet denied.

END

▶ fewer strikes in prospect for '56

CHANCES of big strikes in basic industries upsetting good business prospects are less this year because:

- ▶ Fewer key labor contracts come up for negotiation in 1956.
- ▶ Union leaders will devote more time to political activity and will want to avoid strikes which might generate unfavorable public reaction at the polls.
- ▶ With business good, more businesses will go further to avoid serious interruption of production which would kill sales and profit opportunities.

The accelerated trend toward long-term labor contracts has pushed more contract terminations into next year and later.

Put off until next year, for instance, are important contract negotiations in can manufacturing, rubber, men's clothing, East Coast maritime shipping, and New York construction.

Running until 1958 are major contracts in automobile, farm equipment, flat glass, atomic energy, trucking and the dressmaking industries.

Agreements in the ladies' cloak, suit and skirt industry continue until 1959.

General Electric's key labor agreements are buttoned up until 1960.

Two-thirds of labor contracts surveyed by the Bureau of Labor Statistics run for two years or more. This compares with 60 per cent in 1953. In 1950, less than half the

living adjustments. Others have simply a wage reopening, with the amount of adjustment to be determined by negotiation. So the wage trend will still be upward.

The threat of strikes still remains, however, in other industries having important contract negotiations this year, notably basic steel. The two-year steel agreements expire June 30. The CIO steel workers will seek a 52-week supplemental unemployment pay plan, such as they won from the can companies last summer; a general wage increase; premium pay for week-end work, and a full union shop.

▶ but watch important steel negotiations

West Coast aircraft, shipbuilding and dock workers will talk contracts this year, as will workers in nonferrous metals, oil refining, meat packing and on East Coast docks.

Labor agreements on the railroads are open end, but, with increases recently granted to operating employees and recommended by a government board for nonoperating personnel no bargaining crisis seems likely.

It is unlikely, too, that major coal mining contracts will be reopened in the fall, as last fall's new contract permits. The miners got a 15-cent increase in September and will get another ten cents in April. These were the first increases for the miners in three years.

Strike idleness this year may or may not be as low as 1954, which set a new postwar low. But it should be less than last year, which was still a comparatively good year from a strike standpoint. During 1954, 1,530,000 strikers were idle 22,600,000 days as a result of 3,468 strikes involving six or more workers for at least one workshift. Toward the end of last year the strike incidence was running slightly higher than 1954, but still lower than most other postwar years. **END**

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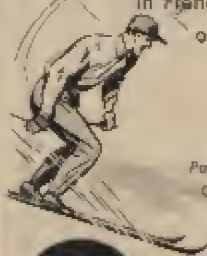
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**LA PROVINCE DE
Québec**

**2 labor contracts
run for two
3 years or more**

contracts were for more than a year.

This does not mean that wages will not rise during the longer contract period. Many of the agreements, like those of automobile companies and General Electric, provide for automatic annual increases—two and a half per cent in automobiles, three per cent in General Electric. Some have cost-of-



Turn-Towls

"TAKE"

the washroom test

Recently, a large Philadelphia baking company* made a one-week, one-floor test of Mosinee Turn-Towls against two competing brands. Here are the results:

Cost of Towel No. 1\$12.30
Cost of Towel No. 2\$ 8.03
Cost of Turn-Towl\$ 5.70

In terms of both cost and quality, results were so conclusive in favor of Turn-Towls that this company installed them throughout the plant.

*Name on request

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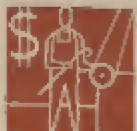
GREEN BAY, WISCONSIN

A Division of Mosinee Paper Mills Co.

Rehabilitation boosts earnings 580 per cent

- ▶ U. S. needs 15,000 atomic engineers by '65
- ▶ Simplified letter saves ten per cent
- ▶ Survey shows Democrats are younger

Rehabilitated pay \$10,600,000 tax



Rehabilitation of 70,000 disabled persons in 1956 will boost their earnings 580 per cent. That will mean an extra \$110,000,000

for them in only one year.

Miss Mary E. Switzer, director of the Office of Vocational Rehabilitation in Washington, estimates 80,000 persons will be rehabilitated during 1957.

The ultimate goal urged by President Eisenhower is for the program to return 200,000 persons a year to useful productivity. That is approximately the number who are disabled each year by accidents and illness.

The 70,000 to be rehabilitated this year will pay an estimated \$10,600,000 in federal taxes, as well as an uncalculated sum to state and local governments.

A new staff study by a congressional subcommittee on low-income families reveals the type of work rehabilitated persons go into:

28 per cent become skilled or semiskilled workers.

20 per cent go into clerical or sales occupations.

16 per cent become workers in services.

11 per cent are homemakers and family workers.

Ten per cent go into professional, semiprofessional, or managerial fields.

Nine per cent become agricultural or kindred workers.

Six per cent become unskilled workers.

About 13 per cent of the persons rehabilitated are self-employed.

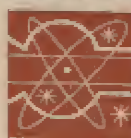
Total income for this year's 70,000 persons was \$19,000,000 at the start of rehabilitation. Their earning

power is expected to increase to \$129,000,000.

Before rehabilitation, three fourths were unemployed, and 20 per cent of the unemployed were on public assistance rolls.

About \$500,000,000 is currently being spent through state-federal public assistance programs. About 1,000,000 disabled persons or dependent children are involved.

Mock reactor helps nuclear training



Some 250 nuclear engineers will complete their training this year. Next year the figure may double —

but atomic experts forecast a minimum need of 15,000 such engineers by 1965. And that means a huge gap must be filled.

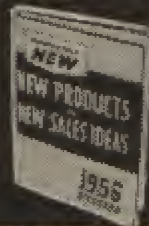
One stumbling block in the way of training nuclear scientists and engineers has been a declining interest in mathematics and physics both in the nation's high schools and colleges.

Now, partly to pep up interest generally and partly to provide an inexpensive nuclear reactor for training purposes, Leeds and Northrup, Inc., of Philadelphia, has come up with a little brother to the big reactors. It's called the Nuclear Reactor Simulator Assembly and costs anywhere from \$11,000 to \$17,000, depending on the uses it is to be put to.

Leeds and Northrup officials, who have demonstrated the junior reactor privately in Philadelphia and at exhibits elsewhere, are confident that colleges and universities—and, eventually, some high schools—will find the reactors of great value in introducing the beginning nuclear student to the complexities of atomic power.

The baby reactor is controlled by the same type of mechanisms which operate the real reactors, and the

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NR-1

core and control rods respond in exactly the same fashion.

Two main differences distinguish the baby from its big brothers: It's cheaper by far; and, if an eager student makes a mistake he will not suffer the dangers of radiation.

Simplified letter saves money



An increasing number of firms are adopting the so-called simplified letter in an effort to reduce the surprisingly high cost of writing business letters.

Groups which have studied the problem report that the average letter costs from \$1 to \$1.25 to produce and handle.

Reflected in this cost are the materials used in writing the letter, the time and labor consumed in writing it, and such fringe factors as the cost of the electricity used to light the office and power the dictation equipment and typewriter.

Proponents say the simplified letter represents a substantial savings over the conventional letter—as much as ten cents per letter.

The simplified letter requires fewer keystrokes because of the way it is set up. Use of a window envelope saves writing the firm and address a second time. Salutations and complimentary closes—such as “Dear Sir” and “Very truly yours”—are eliminated. [For a sample letter, write editorial department, NATION'S BUSINESS, 1615 H St., N.W., Washington, D. C.] Date, address and all other elements of the letter start from a flush left position, removing the need for indentations. The name of the sender's firm is not typed under his signature, since it already appears in the letterhead.

The National Office Management Association says that its list of commercial and industrial users of the simplified letter already exceeds 350.

Democrats are younger



An age survey of Congress shows that in both the House and the Senate the average age of the Republicans is greater than

that of the Democratic members. The five-year age bracket with the largest proportion of Republican senators is 55-59. For the Democrats it is 50-54.

The Democrats can claim the oldest and youngest senators (Russell B. Long of Louisiana is 36; T. H. Green of Rhode Island is 87).

The two oldest members of the House are Democrat Brent Spence of Kentucky and Clare E. Hoffman, Michigan Republican, both 80.

"I've got my hands full!"

WHO COULD DENY IT? Few people in town were busier than Bill Beecher, corporation executive and member of a score of business, civic and social groups. The chamber needed his talents but he was having none of it. Like he said . . . “I belong to too many organizations now!”

IT WAS AN OLD STORY. Big Bill hadn't learned to say “no” early enough. Now he was up to his coat-tails in club memberships and about to pass up one of the most important opportunities in his business life. I did him a real favor when I asked what these groups were doing to benefit the community.



THAT STOPPED HIM COLD and gave me a chance to point out the chamber's unique function. “Sure,” I told him, “they're nice to belong to. But you can join a thousand organizations and there's still only one chamber in your town . . . and you should be active in it as long as you do business here.”

THIS WAS JUST A STARTER. When Big Bill got interested, like any good executive he wanted all the facts.

So I gave him specifics on what the chamber did to attract new industries, improve business conditions . . . all the things to make his town a better place to live and work in.

LET'S FACE IT! Bill Beecher did, and he couldn't think of another organization working harder to promote growth and prosperity in his community. So if you can't find time for another activity, just remember how Big Bill felt when he told me . . . “There's always room for one more.” Make it your chamber, won't you?

Pete Progress

Speaking for
your chamber of commerce



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Los Angeles to Washington, D. C.	\$2.50

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CALL BY NUMBER. IT'S TWICE AS FAST.

BELL TELEPHONE SYSTEM



We must protect *competition* —



not *competitors*

COMPETITION holds a high place in every list of reasons for this country's economic greatness. From the beginning we have tried to maintain conditions which permitted every man with an idea to try it out, profit if it succeeded and nurse his wounds if it failed. When certain men, profiting by the opportunities these conditions provided, attempted to deny an equal chance to others, Congress quickly passed a law to restrain them.

That was the Sherman Antitrust Act of 1890. Its purpose was to limit the power of a few big trusts. The Clayton Act which followed it in 1914 was intended to close loopholes which had hindered enforcement of the Sherman Act.

Both these acts were aimed at actions rather than at size but, because only big companies or combinations were capable of the actions the laws prohibited, enforcement agencies gradually arrived at the philosophy that bigness was bad, *per se*.

Here lies at least a partial explanation for governmental fumbling with mergers, monopolies and related

business problems today. Since 1890 the surrey with the fringe on top has become the four-door hardtop. Tools have changed and the Corliss steam engine which drove the machinery of 1890 has become an electric motor driven from a central power plant. Methods of advertising goods, distributing them, even of paying for them, are different than they were in 1890 or in 1914.

Today's firms can turn out a million products, advertise them nationally, distribute them overnight and sell them quickly to consumers who buy on credit. To them we apply a philosophy based on a law drawn up for an economy of small firms turning out a few products for local consumption.

The result is confusion for those who try to enforce the law and those who try to operate under it. The enforcers anchor their opinions to the view that bigness is bad. But, because many companies today are bigger than any was in 1890, the question soon becomes "What is too big?" So they turn to monopoly. In 1890 a company which controlled a local market quite likely was a monopoly. Today a company may lead in sales in the Middle Western market but be fighting for its life because its product doesn't catch on in the South, New England or the West Coast.

Efforts to use prices or patents or license arrangements as measurements of evil-doing become equally confused.

Obviously economic advancement cannot be built on such indecision. If business is to grow with the population, the rising income, the higher standard of living, it needs to know that it can do this legally. Officials need to know what they are trying to enforce so that they can concentrate their talents on real violators. This suggests a new antitrust law which would recognize the realities of the business world and of practical business operations.

In a growing and changing economy, drafting such a law will not be easy. The task will be simplified if those who undertake it keep one objective firmly in mind:

We are trying to preserve competition—not competitors.



Green Bay Press Gazette Photo

“Here’s how I stayed in business after a very bad fire!”

says Mr. Henry C. Paklow



*Paklow's Luggage & Leather Goods
Green Bay, Wisconsin
Hardware Mutuals File
No. 3-16W1792*

“Within a few hours after the firemen brought the blaze under control, I knew that my stock was badly damaged and my store would have to be closed.

“As I watched volunteers pile this stock out in the street I felt some comfort in knowing that its value was protected by a fire insurance policy I have carried for many years with Hardware Mutuals.

“But I could see the weeks and months of work ahead before I could reopen my store. I would lose my profitable Christmas business . . . as well as my regular season sales.

“I knew my business earnings policy would cover my loss of earnings until normal operations could be re-established. Believe me that was a great relief.

“In addition to advancing us funds to meet current operating expenses, Hardware Mutuals promptly paid us everything we had coming under the terms of our policies . . . \$38,034 to replace my stock and \$15,334 that paid the expenses during the 82-day renovation period, including the profits I would have had if the fire hadn’t occurred.

“By all means, I urge all retailers to have the security of a sound business insurance program . . . including earnings insurance.”

Outlining an adequate plan of insurance protection is but one of the many personal services of Hardware Mutuals policy back of the policy®.

Earnings are your business. Earnings insurance protection will keep your business alive. Find out how little it costs.

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